

Labour warned of possible pay defeat at conference

There was a "very high" chance next week's Labour Party conference would reject the Government's pay policy, Mr Norman Morrison, the party's treasurer, yesterday. As union leaders

attacked the circulation of secret ministerial pay guidelines, the Government denied that wage "drift" above last year's 10 per cent would be "clawed back" this year.

Party treasurer derides 5%

chances of the Labour conference rejecting the Government's pay policy next week are "very high", Mr Morrison said yesterday. The unionist said in grave danger of losing the support of Labour voters, he on the independent television programme, News at One, said that the Labour Party's pay policy at all times of the conference would be to reject the Government's pay policy.

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Economic summit set for Tokyo in May

From David Blake Washington, Sept 28 Finance ministers from the five major industrial countries are believed to have reached a tentative agreement to hold a new economic summit in Tokyo in May.

No immediate confirmation was available of the suggestion that the ministers have decided on the approximate date of the next summit, which would be any case have to be confirmed in discussions with Canada and Italy, neither of whom are members of the Group of Five.

The decision on the summit date is thought to have been reached at an unannounced dinner of the Group of Five finance ministers on Saturday night, on the fringes of the annual meeting of the International Monetary Fund. The summit would be attended by Mr Denis Healey, Chancellor of the Exchequer, and the finance ministers of Germany, France, Japan and the United States.

Such a summit is a regular feature of the IMF annual meetings and has in the past tended to overshadow the rather less exclusive gathering known as the Group of Ten.

At the last economic summit meeting in Bonn, the leaders of the seven leading industrial nations promised to hold another session "at an appropriate time next year." At the summit, the seven individual countries involved are joined by the president of the European Commission, who is there to represent the EEC point of view.

It has been known for some time that Tokyo would be the venue of the next summit meeting. Previous sessions have been held in France in November 1975, the United States in June 1977, and Bonn in July 1978. The Japanese Government has frequently made it clear that it would welcome the chance to play host to a summit meeting.

South Africa will not surrender to forces of Marxism, new Prime Minister says

From Nicholas Ashford Cape Town, Sept 28

Mr Pieter Willem Botha, South Africa's hardline defence minister, was today elected Prime Minister in succession to Mr J. G. van der Stoep, who has retired because of poor health. Mr Botha, who is 62, became the eighth person to hold the post of Prime Minister since the end of Union in 1910 and the fifth Nationalist in succession to hold the premiership since the party came to power 30 years ago.

Immediately before Mr Botha's election his predecessor was unanimously nominated as the National Party's candidate for tomorrow's election of a new State President. Mr Vorster is certain to win the appointment.

In a brief address from the steps of the Senate immediately after his election Mr Botha said South Africa wanted to live in peace with other nations but peace had to be protected. South Africa, he declared, would bend its knees before the forces of Marxism and would continue to maintain civilised standards.

Later, after he had been called upon by Senator Marais Viljoen, the acting State President, to form a new Government, Mr Botha told a press conference that he had asked all members of the previous Administration to continue in their present portfolios. He said he did not intend to reshuffle his Cabinet in the near future and would continue to hold the Defence portfolio "for as long as I believe it to be practicable and suitable".

Mr Botha emerged victorious at the end of a fierce, week-long three-way contest which was characterized by an unprecedented degree of infighting. His two opponents were Dr C. P. Mulder, Minister of Pulp and Paper, and Mr R. F. Botha, Minister of Foreign Affairs.

Although Mr P. W. Botha was tipped as the likely winner the outcome remained in the balance until the end of today's meeting of the 172-member party caucus. His victory was assured only after the Foreign Minister threw his support behind him in the second ballot.

second round all but two of Mr R. F. Botha's supporters threw their weight behind the new Prime Minister giving him a total of 98 votes compared with Dr Mulder's 74.

Mr Botha's election means that the leadership of the party has swung away from the Transvaal and back to the Cape for the first time since Dr D. F. Malan was Prime Minister a quarter of a century ago. Mr Botha has been a Cape Member of Parliament for the past 30 years and leader of the party in the Cape for the past 12 years. Like most Cape politicians he tends to have a more "liberal" approach towards matters concerning race relations than do Transvaalians.

In his inaugural address Mr Botha said his goals were the maintenance of orderly government, improved race relations, friendship with neighbouring states, economic development and the maintenance of law and order.

It was South Africa's "God-given task" to protect the strategically important Cape sea route, he said. South Africa would not bend in the face of the forces of Marxism and revolution. Mr Botha predicted that Mr Vorster's election would have no effect on South Africa's foreign policy or on conditions for its black population.

Botha profile, page 8



Mr P. W. Botha, the new Prime Minister, being congratulated by his wife and daughter.

Commons will debate sanctions breaking

By Fred Emery Political Editor

The Government has decided to hold full-scale debates in the Commons and the Lords on the breaking of oil sanctions against Rhodesia in the expectation that Sir Harold Wilson, Mr Edward Heath and ministers of their administrations will tell what they know of the matter.

Mr James Callaghan, who was Chancellor of the Exchequer when sanctions were initiated and Foreign Secretary when violations occurred in the 1974 Wilson government, is expected to speak for the Government. The sanctions debate in the Commons, lasting two days, is to follow the debate on the Queen's Speech, November 1 is authorised by the date for the state opening of Parliament, which is expected to be announced today.

The Government's decision to hold debates was disclosed after yesterday's Cabinet meeting. It was maintained by Whitehall sources that the Cabinet, including the Prime Minister, had not yet decided on the form of additional inquiry required after the disclosures of the report by Mr Thomas Bingham, QC.

Ministers wished to give the principals involved a chance to speak and to have the advice of MPs on the type of further inquiry needed.

The Bingham inquiry, although its terms of reference did not preclude this, did not call for any evidence from ministers, except from Lord Thomson of Monifieth.

He was Commonwealth Secretary in 1969, when British oil companies arranged a swap with a French South African subsidiary so that oil continuing to reach Rhodesia could not legally be described as British. That arrangement ended with the Heath government with a reversion to flow of British oil, although the Bingham report did not make clear whether the Government was aware of it.

Sir Harold cuts short sanctions interview

By David Spanner

Sir Harold Wilson interrupted and cut short an interview on Canadian television when questioned about his own role in the failure of oil sanctions against Rhodesia.

"Look, I am very sorry. Will you stop that?" Sir Harold told Adrienne Clarkson, the interviewer, who said: "I am very sorry, but I really cannot be treated like this."

In a reply to a previous question he had said that he could not comment on anything in the Bingham report, which he had not read. He was then asked what he felt about the suggestion made in certain newspaper articles that he should resign all public posts. At that, Sir Harold abruptly brought the interview to an end.

Earlier in the interview, on the Canadian Broadcasting Corporation in Toronto on Wednesday night, Sir Harold said he had charged General de Gaulle with the fact that French oil had continued to reach Rhodesia throughout most of the period in which he was Prime Minister.

Asked if, to be really effective, sanctions should not have cut off Rhodesia from oil completely, Sir Harold replied: "That and other things. We were partly frustrated by the United States Congress refusing to carry out the sanctions on Rhodesian chrome. Sir Harold, who has been on a lecture tour of American and Canadian universities, was making his first comment on the sanctions controversy since publication of the Bingham report, which, while not mentioning him by name, made clear that oil had continued to reach Rhodesia throughout most of the period in which he was Prime Minister.

Alert over Spanish tour illness

Holidaymakers who recently stayed at a Spanish hotel where a woman is believed to have contracted "legionnaires" disease have been advised to report to local health authorities.

The woman, Mrs Gloria Worster, of Whitlurch, Cardiff, is very ill in University College Hospital, Cardiff, but responding to treatment. She returned on September 9 from a week's holiday in Benidorm and went to hospital six days later.

Dr John Stone, area medical officer for South Glamorgan, said yesterday that four operators throughout Britain were approaching other people who stayed in the hotel. The disease was identified in 1976 after 183 American legionnaires were taken ill at a convention in Philadelphia and 29 died. There have been about thirty confirmed cases in Britain, with eight deaths. Two other outbreaks were linked with Benidorm.

Chrysler to be part of Peugeot by Christmas

Maurice Corina

Industrial Editor Chrysler UK, which employs 900 workers in its car and truck factories, will pass into French ownership by Christmas, Peugeot announced yesterday.

Peugeot-Citroën has signed a declaration of intent which states the paper produced over a year ago by Chrysler Corporation of Detroit, will not be fully binding and only provides assurances on jobs and investment at the Ryton, Stoke, too, Dunstable and Linwood factories "to the extent consistent with prevailing economic conditions".

Following the French group, which is buying Chrysler's European interests for £150m cash, the expanded French group, as signed heads of agreement which will lead to the transfer of present legal obligations, including financial guarantees, entrusted in the British Government's original £162.5m scheme of support for Chrysler.

Mr Varley said yesterday the Government was satisfied, on the basis of its study, that the prospects for the UK concern, those recent losses have been met from government grants, could be at least as good as under present arrangements with Chrysler Corporation.

Honours year is urged to retain degree standard

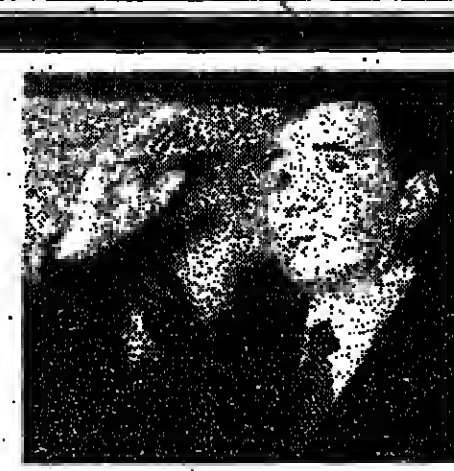
Universities in England and Wales should consider the possibility of introducing the Australian system of a three-year undergraduate pass degree, with a fourth honours year for those capable of and wishing to take it, the Headmasters' Conference was urged. Then would counter the likelihood of lowered standards arising from the growth of comprehensive schools and the proposed new university entrance qualifying examinations, which are not so demanding as A levels. Page 5

Blacklist check sought The Ombudsman should be able to investigate complaints about the uniform and equitable application of the Government's blacklist of companies that contravene pay restraint guidelines, a select committee says, advancing an extension of the Ombudsman's powers 11 years after the establishment of the position. Whether a company should be on the list was a policy matter for MPs. Page 4

No troops earmarked Whitehall is playing down the implications of an offer made to the United Nations by Dr David Owen of supplying British troops as part of a peacekeeping force in Africa, with specific reference to Rhodesia. Officials said there was no intention to earmark a particular unit for United Nations service in a particular area. Page 7

Chile secrecy ruling The Chilean Supreme Court has ordered that the extradition proceedings against three former secret police (DINA) officers, alleged to have been involved in the assassination of Senator Orlando Letelier in Washington in 1976, should remain secret. Thus scant publicity will be given to the American evidence. Page 8

Spanish death threats A clandestine right-wing "Patriotic Justice Committee" threatened in a statement issued in Madrid, to kill Señor Adolfo Suárez, the Spanish Prime Minister, and six other prominent Spaniards. Page 6



Hopes for Salt accord: Mr Andrei Gromyko, Soviet Foreign Minister, greeted Mr Cyrus Vance, America's Secretary of State, at the start of four-hour talks to limit strategic arms in New York yesterday. Although there are still some differences, the Americans are hopeful that agreement may be reached before long. President Carter will join the talks tomorrow.

Tunisia trial protest A walkout by defence counsel over the conduct of the trial of 30 Tunisian union leaders prompted the court to reduce the defence team to 17 lawyers from 76. One lawyer received a contempt warning for proposing relatives be admitted and objecting to stringent security. Page 8

Lucas bid fails Lucas has lost its drawn-out battle to win control of the French auto-electrical manufacturer Ducellier. Lucas already owns part of the company and its bid for the remaining 51 per cent would have made it the second largest manufacturer in the field, behind Bosch of West Germany. Page 19

Village schools pledge: A future Conservative government will fight for the survival of village schools, an opposition education spokesman says. Page 5

China: A 12-page Special Report on Peking's new global policies. Home News 2, 4, 5, 18; European News 6; Overseas News 7, 8; Appointments 18, 22; Arts 9; Business 19-26; Engagements 18.

State industry reform

Recommendations for making the nationalised industries more accountable to Parliament are made in a select committee report today. The all-party committee of MPs says that instructions from ministers to state industries should be subject to parliamentary scrutiny and the select committee should be able to vet ministerial appointments of chairmen. Page 19

Turin terrorist killing Signor Piero Coggiola, aged 46, head of the Lancia factory's paint shop, was shot dead in Turin by four gunmen outside his home. Responsibility for the shooting was claimed by the Red Brigades, a terrorist group which kidnapped and killed Signor Aldo Moro, the former Italian Prime Minister, earlier this year. Page 6

Letter page 17 Letters: On the rise in violent crime, from Mr Frank Barber; on overthoughts on the sanctions report, from Mr Peter Richard and Mr D. J. Boyd; and on motorways from Mr David Owen and others. Leading articles: Troops for Africa; Nationalised industries; Ombudsman. Arts, page 9. David Robinson on the new films: Irving Wardle on The Double Dealer (Olivier); Paul Griffiths on Royal Hunt (Coliseum). Obituary, page 18. Professor W. O. James, Mr David Holdsworth, Mr Alfred Nacache, Lord Forrest. Sport, pages 10 and 11. Football: Europe deprived of its favourites; ban lifted on imported players; Cricket: Alan Knott asks Kent to help him back; Motor: Picture supporting Patrese's claim; Tennis: Top women's seed beaten at Nottingham. Features, pages 14, 16. Geoffrey Smith: outlines the options for selecting a Labour leader; Dudley Sears on Chile's economic experiments. Business features: Frank Vogl on the pressure for American action to strengthen the dollar; Business Diary: How to keep motorcycle-mad apprentices alive. Page 19-26. Stock markets: Increasing industrial unrest kept buyers away and the FT index fell 4.8 to 501.2, barely above the psychological 500 mark. Cut-edged were lifeless as the market relied for the Government broker to make a move on funding.

Peace talks to be held in Ismailia

By Our Foreign Staff

Talks between Egypt and Israel on a peace treaty will begin in the Suez Canal city of Ismailia on Wednesday or Thursday of next week, a senior Foreign Ministry source said in Cairo yesterday.

The talks will deal mainly with military details concerning Israel's withdrawal from the Sinai peninsula, as set out in the Camp David agreements. These were approved by the Israeli Knesset early yesterday by a vote of 84 in favour of 19 against and 17 abstentions. The overwhelming Knesset vote was hailed by the National Democratic Party of President Anwar Sadat, which said it showed Israel was willing to continue following the road to peace.

Mr Alfred Atherton, the American special envoy to the Middle East, has arrived in Jerusalem to help in arranging the direct peace talks between Israel and Egypt. He will confer today with Mr Menachem Begin, the Prime Minister, and Mr Moshe Dayan, the Foreign Minister.

President Assad of Syria flew home yesterday after cutting short a tour of Gulf states. He had been told by Kuwait that it was ready to help in undermining the Camp David accords, but it felt the position of Arab hardliners was too extreme, authoritative sources said, and was unlikely to join the Rejectionist Front.

Meanwhile, King Khalid of Saudi Arabia has arrived in Cleveland, Ohio, for medical check-ups to decide whether he needs heart surgery. The next steps, page 7

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WORTH PARIS

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MPs seek power for Ombudsman to investigate some complaints about Government's pay blacklist

By Craig Seton
The Parliamentary Commissioner for Administration (Ombudsman) should be allowed to investigate complaints about how the Government operates its blacklist of companies breaking pay guidelines, a select committee of MPs says in a report published yesterday.

It makes clear that jurisdiction should be extended only to complaints that the blacklist policy was not being applied uniformly and equitably. The Ombudsman should not be allowed to question whether a company should have been placed on such a list, it says: "That was for MPs to challenge. The report of the Select Com-

mittee on the Parliamentary Commissioner for Administration recommends changes that would allow the Ombudsman to investigate complaints that a government department had been improperly influenced in deciding which companies were entitled to tender for contracts, or had made a decision in an arbitrary manner.

He would also be able to investigate whether a department had acted improperly in connection with the withdrawal of a name from a list of approved tenderers, or that a decision to award a contract had been taken improperly.

The committee's report, reviewing the work of the office of Ombudsman 11 years after

it was established, recommends changes that extend and increase his powers and jurisdiction.

Among them is a suggestion that he should have access to Cabinet papers, except where the Attorney General certifies that it would be prejudicial to the safety of the state or contrary to the public interest.

While ministers retain absolute control over what the Ombudsman publishes, "no harm would be done" by allowing access to Cabinet or Committee papers in the rare cases where it was considered necessary, the committee says.

It rejects the idea of direct access to the Ombudsman as an alternative to the revised system of indirect access through MPs, who took up about 100,000 cases each year, many of them inappropriate for the Ombudsman. If that failed, the Ombudsman and complaints went direct to the Parliamentary Commissioner, only 40,000 cases could be investigated each year.

The committee suggests that the Ombudsman be allowed to investigate complaints from British citizens about assistance requested from consular offices and overseas posts, including complaints by citizens resident abroad.

It also recommends closer contact between the Ombudsman and Parliament, and suggests that he should have an office in Westminster so that MPs can obtain immediate advice.

The MPs urge that Ombudsman reports should be debated in the Commons at least once a year and that the Commissioner should make more special reports on matters of particular concern, such as when he investigated complaints by officers that their pensions had wrongly been withheld by the Department of Health and Social Security.

Fourth Report from the Select Committee on the Parliamentary Commissioner for Administration. (Stationery Office, £3.25.)

Bill being drafted on radio and TV changes

By Kenneth Gooling

A Bill of about sixty clauses is being drafted by the Government to give effect to the proposals in the White Paper on broadcasting published in July, including the setting up of an Ofcom Broadcasting Authority. Mr Mervyn Rees, the Home Secretary, announcing that in London yesterday, added: "We intend to legislate on the basis of the White Paper following discussions with various interests. I cannot deny that the amount of time available within the next session affects not just this but other legislation."

Speaking to the Broadcasting Press Guild, Mr Rees described the measure as "a Bill I would very much like to take through the House of Commons."

On television licence fees, in the light of the BBC's recent application for substantial increases, Mr Rees refused to be drawn on whether the Government would approve an increase to £30 for colour.

He said the argument for having a separate fourth channel was that new ideas and new concepts would have more chance of flourishing than if it remained inside an existing organization.

"To those who criticize it I would say we are not looking at the next five or six years but to something that goes to the end of the century. Profound technical changes are taking place and there has to be room for using those as well."

The Home Secretary also referred to the BBC's opposition to the White Paper's proposal that it should have service management boards on which would be Government appointees.

Some of the Government's proposals in respect of the BBC have been attacked solely because they allegedly increase ministerial patronage. "I must say I have never been conscious of the heavy delights of exercising broadcasting patronage. On the other hand, I recognize the force of some of the feelings on the subject and I shall consider very carefully the points made."

Research worker describes careless and blunt way parents of abnormal children are sometimes treated

Insensitivity alleged over handicapped

By Annabel Fernman

Many doctors, nurses, social workers and neighbours are insensitive and lack understanding about handicapped people and their relatives, a book published yesterday says.

Miss Maureen Oswin, a research worker at the Thomas Coram Research Unit, London University, describes in her book the blunt and careless way some parents have been told that their baby was handicapped and the lack of help they were given over the ensuing difficulties.

One mother was told: "Your baby is abnormal", as she stood in the corridor of a maternity hospital five days after her confinement. She was alone apart from passing hospital workers who the doctor stopped her and told her the news.

The book says that the parents' most persistent plea was to be together at such a time. "To know your child is

disabled is the most shocking thing to learn."

Often the father of a handicapped baby is told first and asked not to worry his wife until she is home from hospital.

Doctors are also criticized for regarding additional handicaps, discovered later, as being of little consequence when the parents they are often of great importance. The parents of a baby girl aged 10 months who was severely mentally retarded and had brain damage took her to the hospital for one of her regular check-ups.

The doctor casually informed them: "On top of all your other troubles, I think your baby's blind", the book says.

Neighbours and friends can often inflict considerable pain without realizing it, Miss Oswin says. Many parents whose handicapped children had died found that neighbours and friends expected them to be pleased and made them feel ashamed if they grieved.

Miss Oswin deplores the fact

that the good practice adopted in some hospitals and by some area health authorities, such as counselling and referring parents to statutory and voluntary agencies, are not known in others.

The Honeylands scheme, in Exeter, for example, through which a former convalescent hospital was turned into a parent support centre providing day care for handicapped children, some short-term residential care, therapy, education and medical advice, does not appear to have been copied elsewhere, she says.

She would like to see the Department of Health and Social Security spend less money on new research into the handicapped and more on putting into practice the results of research already done.

She recommends that more handicapped people should be enabled to live in the community.

Homes in the Welfare Net (Bedford Square Press, £5.50 hardback, £2.95 paperback).

MP attack Welsh language 'fanatics'

From Tim Jones Cardiff

Proponents of an issue in Wales, already trouble in an opinion poll survey indicates they are fighting losing battle, have also that they must contend Labour Party rebels who accept official endorsement of the measure.

Mr Leo Abse, Labour for Pontypool, said yesterday he was becoming increasingly convinced that he and Welsh Labour backbenches were reflecting the will majority by opposing the

Mr Abse has combined hostility to devolution with attack on "Welsh language fanatics". The nationalist said, by insisting on being spoken in the assembly by addressing in the swollen Civil Service assembly, would ensure creation of a Welsh-speaking bureaucratic elite which attempt to impose a homogeneity "upon marvellously varied Wales."

"The way is being prepared to ensure that only the W speakers will be able to to the top in the huge Service devolution will bring, and the necessity know Welsh to gain it would help still further those who wished to force pulvisory Welsh into schools upon our teachers."

The Welsh language, he said, believed language gave him a superiority over his fellows and, spurring his arrogance, he dangerous gains.

"We endure the invasion of our television screens, absurd dubbing of English language films, the insular Eisteddfod said to national festival being held from Gwent lest it be taken by English-speaking mouthpiece, and even English place names, as if towns, are mocked as if were the cheating alias criminal."

Mr Abse said a determined and sustained attempt being made to subvert identity of the English-speaking Welshman, and language question had subsequently become irrelevant politicized and enmeshed in devolution issue.

"Those appeasers ready share platforms with F Cymru, having yielded to blackmailing of the national wish in their embarrassment to make the language question out of the referendum and so advertise still further their irresolution."

Bank raiders get £85,000

Three armed men wearing balaclavas and black face paint escaped with more than £85,000 from the Midland Bank, Bognor Regis, yesterday.

In another armed robbery yesterday three masked robbers escaped with £80,000 from the Midland Bank, security van High Street, Orpington, Kent.

German is freed from Sealand in North Sea

Mr Gernot Putz, a German, who had been held on a Second World War gun platform 100 feet high, called Sealand, seven miles off Harwich, Essex, since last month by Mr Roy Bates, the "ruler" of Sealand, was released yesterday.

Mr Bates took over Sealand in 1966, and last year made it an independent state. He imprisoned Mr Putz last month when an islander declared the German guilty of "treason" after three men attempted to take over Sealand.

Mr Putz landed at Harwich after his release and then sailed for Hamburg. Mr Bates, a former Army major, said he had appointed Mr Putz to be Sealand's new "foreign minister" and had asked him to strengthen the island's links on the Continent.

Mr Putz and two Dutchmen were alleged to have taken over Sealand, on August 16.

Urgent plea by cardinal for outspokenness

By Our Religious Affairs Correspondent

Cardinal Hume, Archbishop of Westminster, yesterday made an urgent plea for greater outspokenness by British spiritual leaders on matters affecting the welfare of society.

Addressing the annual meeting of the Council of Christians and Jews in the presence of the Archbishop of Canterbury, Dr Donald Coggan and the Chief Rabbi Dr Immanuel Jakobovits, he said that regardless of their denomination or allegiance the world needed men and women who had the vision to point to things that were higher and beyond the ordinary concerns of everyday life.

He repeated a tribute he had received from Dr Jakobovits, who had said: "In our volatile world we all look to the Holy See as a haven of stability and a custodian of the supreme values which transcend the shifting vagaries of our fleeting time."

There was a lack of purpose and a loss of vision in our society. All too easily those who believe in God and shared fundamental attitudes towards life were reluctant to witness to their beliefs in public debate. "But surely a plural society must be precisely that, and must not become uniformly materialistic and humanistic. The voice of believers must be raised, but not stridently; they should together seek to persuade."

Moral difficulties: The need to settle marital differences between Anglicans and Roman Catholics is "very urgent", according to Dr Coggan (the Press Association reports).

Two years ago in Rome he told Pope Paul that such differences might result in children saying "a plaque on both your houses", and rejecting religious altogether, he said this week at a press conference at Lambeth Palace to mark the publication of the report of this year's Lambeth conference.

Resolving differences was important "because here we touch the flesh and blood side of life. Young people are touched intimately at this point."

It might be thought that any confusion in the minds of newspaper buyers about the two papers, could only help the Morning Star, which devotes part of its front page every morning to an appeal for new readers. But Mr Christopher Myant, the assistant editor, said: "If we had thought it was going to help us, we would be rushing up to Manchester to help it along and certainly not seeking an injunction."

Even if Express Newspapers succeed in winning their legal battle with the Morning Star, their troubles will not be over. Associated Newspapers, maintaining that they own the rights to the title, The Star, having taken over the London evening paper of that name in 1960. Until 1963 their evening paper was called The Evening News and Star.

'Star' case shows limit on newspapers' titles

By Ian Bradley

Anyone not familiar with the ways of Fleet Street might be forgiven for thinking that with the shrinking in the number of national newspapers in recent years there would be no shortage of titles, to choose from for anyone rash enough to start a new one.

In fact, the field is limited, as Express Newspapers will find today when a judge is due to hear an application that they should be prevented from using the title that they have chosen for their Manchester-based daily paper, which they hope to start publishing on November 2.

When Mr Victor Matthews, chief executive of Trafalgar House, which owns Express Newspapers, cast around for a name for the new paper, which he hopes will capture a sizable part of the popular market in the Midlands and the North, he naturally wanted something short and pithy.

Unfortunately for him, the name he eventually chose, the Daily Star, closely resembles the title of the Communist Party daily paper, the Morning Star.

After polite and fraternal overtures to Mr Matthews had failed to get him to change his mind, the cooperative which owns the Morning Star issued a High Court writ this week seeking an injunction banning Express Newspapers from passing off the new newspaper as the Morning Star by using the title the Daily Star.

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although since then the second part of the title has been dropped.

Mr David Peck, joint executive director of the Evening News, said yesterday: "We certainly do not want to lose rights to the title, The Star, we are taking legal advice at the new Express group pay. We would certainly vigorously resist any attempt to use name Star in any form in London evening market."

The legal position is complicated. There is in law no monopoly in the name of a newspaper. For the proprietors one newspaper to obtain an injunction restraining the publication of another newspaper with a similar name, they must show that the title of the new paper is calculated to lead to a belief that the new newspaper is, in fact, the old one.

If Express Newspapers prevented by law from using the name "Star" they may have surprisingly difficulty finding an alternative pop title. Fleet Street has a habit of jealously protecting its defunct titles, and even names that have never been used before, in an effort to prevent a competitor from taking the name.

Although it has not appeared for sale, a paper called the Evening Times has been regularly printed by Times Newspapers since 1912 to maintain the Times' right to a title.

It consists of a single page made up of extracts from Times. Copies are printed in batches every few months and are distributed individually to insure a continuous run. A memorandum of 1959 indicates that the contents had not varied for four years. A copy of the "issue" is sent to the British Museum.

The Times' experience in the field does not argue well for the Morning Star today. In the middle of the nineteenth century Mr John Walter, proprietor of The Times, sought an injunction to restrain the publication of a paper called the Morning Mail on the ground that it would be confused with the Evening Mail, a paper published by The Times from 1753 until 1875, when it was merged with The Times weekly edition. He failed to obtain the injunction.

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New York	1400	1635	PA001	747	Daily
Detroit	1030	1610	PA107	747	Daily
Honolulu	1430	0015	PA125	747	Daily
Houston	1400	2100	PA001	747	Daily
Los Angeles	1155	1500	PA121	747	Daily
Mexico City	1400	2345	PA001/51	747	Daily
San Francisco	1430	1730	PA125	747	We/Fr/Su
San Francisco	1430	2005	PA125	747	Mo/Tu/Th/Sa
Seattle	1140	1320	PA123	747	We/Fr/Su
Seattle	1430	1610	PA125	747	Mo/Tu/Th/Sa
Washington	1030	1350	PA107	747	Daily

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Fourth honours year for the able ought to offset feared loss standard in university degrees

Diana Geddes
Education Correspondent

A spread of the comprehensive and the replacement levels by the proposed (F1 and Normal (N)) examinations are likely to lower the standards of university applicants, Professor Robert Ian, Vice-Chancellor of the University of London, told the 'Masters' Conference in London yesterday.

Universities would have to consider how to ensure their degrees maintained a pre-eminent position in the world. Extension of undergraduate honours from three to four years, three years for a pass, might be one way, he said.

England and Wales had such unusually sensitive relations between the standard of work and the content of subsequent degree course that any change would markedly affect the latter, said.

Locationists and government ministers are considering broadening the sixth-form curriculum replacing the three A levels required for university with two F and three N.

The reduced factual content of the F level in comparison with the A level could have a significant impact on undergraduate courses, Professor Ian said. It was difficult to know standards could be

maintained when it was proposed that N and F levels should demand respectively only about half and three quarters of the study time required for A level.

The phasing out of grammar schools and the establishment of comprehensive schools and the broader-based 'new six-forms', which included many pupils, were also likely to lower standards of 18-year-old school leavers, he said.

A natural solution might be to separate those with university aspirations into different classes or schools. That, however, seemed counter to the egalitarianism and anti-elitism in society and in the actions of government, he said.

A social engineer, while probably not accepting a fall in standards as inevitable, would claim that even if it was, it would be a small price for the benefits of a more homogeneous society.

The universities could insist on maintaining standards and their entry requirements, if necessary by instituting entrance examinations. That would inevitably reduce the number of students to whom university education was available and would probably be as unacceptable to the universities as to the Government and to the public.

Or the universities could extend the undergraduate course to four years, to maintain standards. But that would be likely to be unacceptable to the

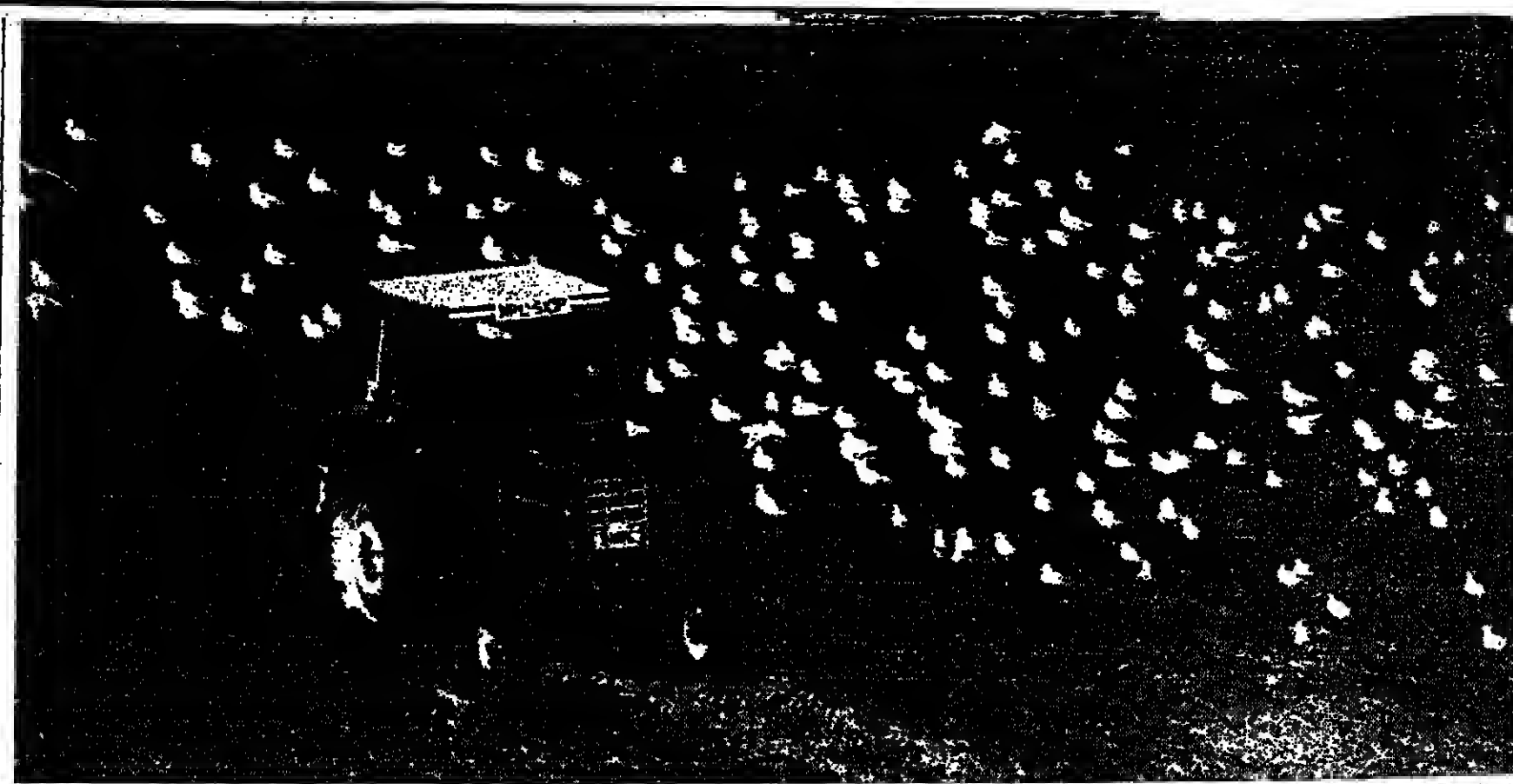
Mr Ralph Toomey, Under-Secretary at the Department of Education and Science, has estimated that it would cost a further £250m recurrent and £40m capital each year to give all undergraduates a four-year course.

A possible compromise was the Australian pattern, of a three-year undergraduate course leading to a pass degree, with a further honours year taken only by those deemed capable and who wanted to take it.

In Australia, where Professor Whelan taught for nearly 20 years, only about a fifth of undergraduates who completed the pass degree proceeded to the honours course. Such a scheme would cost only a fraction of the cost of a fourth year for all.

Mr David Williams, president of the Secondary Heads Association, said that not all arguments for the proposed N and F examinations came from the proponents of egalitarianism. Schools and universities had themselves witnessed a broadening of the sixth form curriculum. Had the universities now completely changed their minds?

Professor Whelan said that there were many different voices within the universities, and agreed that the universities were wanting it both ways. Everyone believed that the broader the curriculum the better; and also the greater the depth the better. The two were incompatible.



Expectant gulls waiting for a ploughman's lunch near Fiddlers Hamlet, Epping, Essex, yesterday.

Photograph by Brian Harris

More freedom urged for charities to advertise

By Kenneth Gosling

Recognized charities should be allowed greater freedom to advertise on television, subject to strictly defined conditions, a working party of the Independent Broadcasting Authority recommended in a report published yesterday.

The report also proposes that the Independent Broadcasting Authority Act should be amended so that religious charities are not unnecessarily debarred from advertising their welfare activities. The working party says any changes introduced should be reviewed after a period of three to five years.

Those limit charity advertising on commercial television and independent local radio to sales of events and do not allow publicity for a charity's needs or objects. The Annual Committee suggested in its report 12 months ago that the time

might have come for more charity advertising. The IBA will consider the report later this year in the light of comments following its publication.

The charities are divided on the issue as the response to 300 copies of a questionnaire showed. There were 141 replies. 62 charities approving greater freedom to advertise, 56 opposing, and 10 being "uncertain". The balance of the replies came from other organizations and individuals.

The largest group of charities in favour of the change had fund-raising expenditure in 1976 of £25,000 to £50,000; they were not the wealthiest.

Charities opposed to change feared that the richer charities would get a disproportionate amount of time and that there would be an increase in what charities spend on advertising,

public disillusionment being the result.

The report concludes that on balance there were no compelling reasons to maintain the present restrictions, either in the interest of the charities or the public.

"Not all of us subscribe to these conclusions with equal warmth," it says.

"For some of us they appear insufficiently positive and fail to stress the benefits that could be expected as a result of having greater opportunities to buy advertising time on television or radio."

"Others of us would prefer to go less far and feel that there is the risk of controls being abandoned which are in the interest both of the public and the charities themselves."

The crucial issue, the report adds, is whether, in the case of charities, broadcasting should

be regarded as significantly different from other media.

The reason for an assessment being made after several years was that roughly half the charities in Britain probably did not favour any change in the present restrictions and some were opposed to it with deep conviction.

Permanent changes should not be introduced which might be regarded with disfavour by a significant proportion of those who would be affected.

The present blanket prohibition on advertising by bodies with objects of a wholly or mainly religious nature should be removed, the report adds. At present, not only is no advertisement allowed that is directed towards a religious end, a prohibition that would remain, but it cannot even advertise its need for, say, domestic staff.

Six remanded on cannabis smuggling charge

Six men appeared before magistrates at Scunthorpe, South Humberside, yesterday charged with smuggling cannabis at Elyborough, Lincolnshire, last Tuesday.

Before the court were Michael Glass, aged 31, unemployed, of Old Compton Street, Soho; Peter Stephen Goodsell, aged 37, a pop group manager, of Inverness Place, Ravenswater; Charles Hanson Greville-Williams, aged 32, a catering manager, of Southwell Gardens, Kensington; Hugh Roland Hutton, aged 40, a pilot, of The Barbican; Michael Desai, aged 39, unemployed, of Freshwater Road, Tooting; and Kemal Hussain Mithar, aged 32, a sales manager, of Mount Echo Avenue, Chingford, all London.

Mr James, Mr Hutton, Mr Goodsell and Mr Mithar were remanded to custody for seven days. Mr Greville-Williams was granted bail in the sum of £20,000 and Mr Glass was granted bail of £5,000 on November 23.

County pledge to fight for village schools

Michael Horsnell

A pledge that a future Conservative government will fight the survival of village schools was given yesterday by Norman St John-Stevens, opposition spokesman on education, when he was speaking at Newquay, he said the survival of the English school depended in many cases the continuation of its village schools.

Like he had held with representatives of Conservative education authorities in the past months had led to agreement that the schools should be reserved wherever feasible, said.

When a campaign to save a village school failed, he said, a village school cooperative had been set up to keep the school open with a charitable trust, as the case at Madingley, Cambridgeshire, recently.

The removal of the school, from being symptomatic of the demise of a village may be its cause," he said. "The village is devoid of life for five days a week; the children move away, parents with young children, leaving no local school. It is a move to larger villages towns, and the school-less village becomes a home for the red and the single, or a misery for the affluent and mobile. If this is not to be, widespread closure of village schools must stop."

In 1967 more than 500 village primary schools had closed in England and Wales,

one a week. Many more were threatened. The West Country, East Anglia and the North-west had been particularly badly affected, and in Wiltshire and Somerset almost all village schools had no school.

The "voracious bureaucratic appetite for centralization", which had led to over-large comprehensive schools, excessive travelling for pupils, split sites and the closure of small secondary schools with long traditions of academic excellence, seemed to be producing the same mistakes in the primary sector.

He said: "The Shadow Cabinet has reached the conclusion that village schools have both educational and social advantages which in most cases are too precious to lose."

Short-term financial savings from closing a school might be seen away by the added cost of sending children by bus to the nearest town.

Extra space in the surviving village school could be used to expand nursery education at little additional cost or to improve recreational facilities for the community. Small schools could also form groups, be said, with travelling teachers to help slow learners or gifted children.

A Conservative government would urge local authorities to place educational and social factors above economic considerations. The burden of proof for closure would rest on those who were advocating it.

In brief

Stripped girl to sue the Navy

Miss Beverly Yates, aged 19, arrested while fishing with a friend at the oyster base at Portland, Dorset, and stripped and searched, has instructed solicitors to take legal action against the Royal Navy.

Miss Yates, of Walpole Street, Weymouth, and her friend, Mr Ivano Wellington, of Pound Place, Portland, were caught in a mock warfare exercise and taken aboard the frigate *Berwick* and searched before it was found that they had nothing to do with the exercise. The Navy said yesterday that the incident was regretted.

Judge frees pop festival man

William Uhl Dwyer, of Dun Laoghaire, Republic of Ireland, who was jailed a month ago for flouting court orders banning him from organizing pop festivals in Windsor Great Park, was freed by Mr Justice Lloyd, sitting in the High Court yesterday.

Mr Dwyer apologized to the judge for breaking the ban and in a sworn statement read to the judge he gave a pledge that he would never again organize the event illegally. The judge accepted his apology and ordered his immediate discharge.

Second marrow transfusion

Mark Ward, aged 12, who is suffering from a rare blood disease, underwent a second bone marrow transfusion operation in Hammersmith Hospital, London, yesterday.

The marrow came from his brother Darryl, aged 15, Mark Ward, from Sutton in Ashfield, Nottinghamshire, will be in hospital for about three months, much of the time in isolation.

Grave-digger stole rings

Magistrates at Bradford yesterday were told how a grave-digger stole wedding rings from skeletons. David Darling, aged 31, of Brierley House Avenue, Bradford, charged and grave-digger at Bowling Cemetery, Bradford, pleaded guilty to stealing three gold wedding rings and asked for a further offence of stealing aluminium flowerpots to be taken into consideration.

He was jailed for three months, the sentence including a two-month term, which had been suspended for a previous offence.

Voltaire and Rousseau

Dr Robert Walker in *The Times Higher Education Supplement* today reflects on the differences between Voltaire and Rousseau, who died 200 years ago. John Dunn reviews *Injustice* by Barrington Moore, Jr, and Judith Judd assesses the impact of health and safety legislation on universities and colleges.

4,000 teachers unemployed, union says

Nearly 24,000 teachers are about a teaching job although only 10,000 are still employed, a study published by the National Union of Teachers says.

Figures produced by the Department of Employment are not to take account of teachers who have found jobs at other industries or who have registered as seeking a teaching post.

The union also says that the department's figures exclude married women who want to return to teaching but are discouraged by unemployment figures.

The NUT calculates its figure by adding the Department of Employment figure of 11,436 teachers qualifying in 1977 who did not find jobs in March 1978 to the 12,136 still seeking to be unemployed, said on last year's employment rate, out of the 32,000 to qualified this year.

That total of 23,572 is compared with the department's figure of 7,024 unemployed in 1977.

The union's study comments at such unemployment exists in primary school children and nearly 30 per cent of secondary school pupils are in classes of more than 30.

Education report 'would turn boys into fairies'

From Our Correspondent

Education experts in Devon have been told to rewrite a report which aims to prevent sex discrimination in the county's primary schools.

The document has been criticized by Mr F. A. C. Pinney, chairman of the county's education committee, who said that experts were not needed to discover that boys preferred playing with trains and girls with dolls.

The report, which was drawn up by a working party led by Mr J. C. Owen, seeks to provide guidelines for teachers preparing curricula for primary schools.

Mr Pinney said yesterday that he had read it three times, in one case because he could not believe his eyes.

There was a suggestion that traditional roles in school drama should be reversed. "In other words," Mr Pinney said, "if you put on a Christmas pantomime like *Jack and the Beanstalk*, instead of Jack being a boy rescuing the heroine he would end up as the fairy, and the girl as the bold, bad hero. The parents with whom I have discussed this say they do not send their sons to our schools to be turned into fairies."

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Labour proposal to cut mortgage relief

By Christopher Warmao
Local Government
Correspondent

Tax changes in the financing of housing that would avoid any increase in government subsidies and eventually lead to a reduction in the standard rate of income tax by up to 5p in the pound are suggested in a pamphlet just published.

The controversial proposals, including the reduction of mortgage relief, are the work of Mr Bernard Kilroy, a housing adviser to the Labour Party. In the pamphlet, published by the Labour Economic Finance and Taxation Association, he argues that unless alternative solutions are provided, the effect of the Government's proposals in its Green Paper last year will be an increase in the Exchange rate for subsidies, a

continued rise in house prices, and a risk that public housing will deteriorate.

Changes to be implemented in phases until the end of the century would modify mortgage relief to reduce the advantages that owners have over first-time buyers. Relief would be phased out above the standard rate, mortgage ceilings eligible for relief would be lowered, and relief for owners of long standing would be lessened.

To prevent subsidies on public housing from rising, the practice of local authorities sharing subsidies through national or regional rent pooling would be extended. Costs would be eligible for mortgage relief subsidy on a collective basis and subject to safeguards.

The second phase of the

changes would be designed to achieve absolute reduction in the Exchequer's costs by making each tenure a self-financing system on a recycling principle. Mr Kilroy says his proposals would stabilize the price of private housing and keep rents in the public sector at the same proportion of personal incomes as now, without undue curtailment of building and improvement.

He also believes they would realize the potential of local authority housing as a fully-fledged alternative to owner occupation.

Housing Finance—Organic Reform? (Labour Economic Finance and Taxation Association, 72 Albert Street, London, NW1 7NR; £1).

More Home News, page 14

ERSEAS

Israelis prepare for the next steps in peace negotiations

Michael Knappe

Sept 28

Text and telephone between Israel and Egypt being reestablished today, the Knesset's early morning vote to endorse the Camp David accords and prepare to begin the next in peace negotiations.

Yezzer Weizman, the Minister of Defence, is expected to go to Cairo after Yom Kippur (the Day of Atonement) which is October 11, to his Egyptian counterpart, Mr. Abdul Ghani Gannoulis. Mr. Gannoulis will prepare for Egyptian-Israeli committee which is to negotiate within three months the first open at Camp David.

Alfred Atherton, the States envoy to the East, arrived in Israel today. He will be Mr. Menachem Begin, the Minister, and Mr. Moshe Dayan, the Foreign Minister, to discuss the agenda of the next round negotiations and the role the Government will play in them.

Meanwhile, the Jewish settlement in northern Sinai were today by Mr. Gideon S. Minister of Housing, evacuating from their will not occur until the year after the signing of a peace treaty between Israel and Egypt.

Addressing settlers at Yamit, Mr. Pat said on new would be constructed but housing this already in the of being built would be delayed. Mr. Begin has promised that the settlers will be with the minimum of inconvenience and suitable compensation.

On the occupied West Bank, several mayors favouring the political leadership of the Palestine Liberation Organization met yesterday in Ramallah for consultations in connection with the discussions being held by Israeli military government officials in the area.

Mr Sadat postpones speech to parliament

Robert Fisk

Sept 28

President Sadat today unexpectedly postponed his speech before the Egyptian People's Assembly at which he was to have welcomed the results of this morning's vote to the Israeli Knesset.

According to the Cairo Press, the Egyptian President went to bed before the Parliament finally decided to remove Israeli settlements in occupied Sinai.

He late voting, according to Cairo newspapers, caused postponement of Mr. Sadat's speech. Nevertheless, it marks the eighth anniversary of President Nasser's death and this is the first time Mr. Sadat has not attended the occasion with an address to the Assembly.

Although his speech had not been officially scheduled for the morning Egyptian television had already set up its cameras in readiness.

It is much more likely that the forthcoming visit to Egypt by Mr. Alfred Atherton, the American Middle East envoy, surrounded Mr. Sadat to delay his statement. Mr. Atherton,

Vote is another step to peace, Mr Carter says

Our Own Correspondent

Washington, Sept 28

President Carter was addressing a Democratic fund-raising dinner in Washington when he said the Knesset vote was another step toward the goal of a peaceful Middle East.

On an effusive note he added: "You know that I understand the difficult choices that face you and your colleagues if peace is to become a reality. Your firm leadership on these vital issues has provided a new and impressive demonstration of your statesmanship."

The State Department issued a similar congratulatory message.

Only miracle can save Korchnoi

Harry Golombek

Chess Correspondent

Lugano, Sept 28

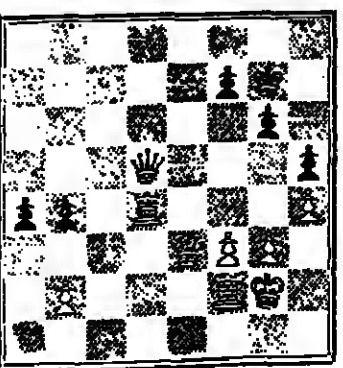
It looks as though, barring a miracle, the impasse in the world chess championship match here has been decisively broken and when the adjourned twenty-seventh game finished tomorrow the world champion will be leading by 2 and within one point of victory.

Korchnoi had the white forces in this game and for once he looked to hold an advantage in the position. He played an English opening and Karpov chose a defence that involved an early exchange of both knights and left Korchnoi with the greater command of space.

Curiously enough, the champion wasted a number of moves with a bishop, or at any rate seemed to waste time and equally curiously the challenger found himself unable to make any real use of his advantage in development.

Perhaps part of the reason for this paradox was that Karpov evolved a very fine defensive plan on the queen's wing. At all events Korchnoi, who appeared to be exceptionally nervous tonight, spent far too much time on the clock thinking, for the most part, about obvious moves.

Karpov (black)



Position at adjournment after 41 moves.

Possible he overestimated his position, for instead of offering a draw on his twentieth move he took no less than 45 minutes to make his mind up to play the move.

After his twenty-fourth move, when he had only 12 minutes left for 16 moves, he found himself faced by a surprise bishop move. In the time rush that ensued he lost a pawn and came down to a lost ending.

It is possible in fact that he may not resume the adjourned game.

Adroit Professor Dreyfus forces Democrat Governor to fight for his office in liberal Wisconsin

'Red Republican' on election trail

From Patrick Brogan

Madison, Wisconsin, Sept 28

The Madison Capital Times is one of the brighter flames of American regional journalism. It fought the good fight in days past against Senator Joe McCarthy's political witchhunt and was the intellectual base of the long campaign that turned Wisconsin into one of the most solidly Democratic states in the nation.

The man who made it, Mr. Hiles McMillin, has recently retired as publisher and editor but retains an influential voice in Wisconsin politics. He has now come out for the Republican candidate for the office of governor—Mr. Seymour Dreyfus.

It is more than a little surprising, and Mr. McMillin's reasons are yet more remarkable. He believes that Wisconsin has become a one-party state, that the Democrats here are flabby, complacent and remote from the people they represent and that it is time for a change.

Today, it is the Democrats who are in and arrogant, he wrote. "Professor Dreyfus is in the Progressive tradition of this state. This is a splendid opportunity to restore a vigorous two-party system to Wisconsin."

By supporting Professor Dreyfus, Mr. McMillin supports one of the outstanding candidates in the United States this year, and is thus doubly disloyal to the Democratic Party.

Professor Dreyfus is known as the "red menace" and during the Republican primary campaign he harangued crowds from the back of an open bus and from a train. He swept to victory over a solidly established, suburban Republican businessman. This was Mr. Robert Kasten, a congressman, who failed to see what was happening to him and will therefore have to go into a new line of business next January.

Democratic commentator (whose own candidate was

defeated in the Democratic primary) wrote afterwards: "Surrounded by advisers who came out of the same well-off suburbs that he did, Mr. Kasten operated in the closed, reassuring world of like-minded supporters. He had a businessman's face in the systematic approach in campaign, computerized fund-raising, layered precincts organization, sophisticated polling and high-tech television spots."

The quality of Lee Dreyfus as a campaigner is shown by his first action after his primary victory. Wisconsin is to have a budget surplus of about \$500m (£250m) by the end of the year, so Professor Dreyfus cheerfully proposed that no body should pay any state taxes in the last quarter.

Mr. Martin Schreiber, the Governor, was immediately forced on to the defensive and has been trying ever since to show that he has better ideas and that his opponent is irresponsible and foolish.

Mr. Schreiber accused Professor Dreyfus yesterday of proposing a "quick fix" for the economy. This line sounded effective on the television ovals, until the next shot showed Professor Dreyfus's answer: "Quick fixes? What does he want, a slow fix? I want to give money back to the people."

Wisconsin was once solidly progressive and then swung into the Republican camp after the war. The Democrats recaptured the state in stages and although it may very well be that the pendulum will start swinging back with Professor Dreyfus, it has a very long way to go.

There are some of the markings of a tax revolt in Wisconsin. The budget is in surplus and property taxes have just been raised substantially. Professor Dreyfus is capitalizing on the general feeling that taxes are too high and that the only way to control government is to cut its revenues in a rather brutal manner.

He is eloquent, intelligent and adroit—qualities few people concede to Governor

Schreiber—combining all the tricks of a demagogue with the apparent intellectual solidity of a professor. Some more substantial academics, however, maintain that he is an intellectual lightweight.

For 10 years he has been Chancellor of one of the University of Wisconsin's campuses, at Stevens point. Things were never so exciting there as on the Madison campus, where riots and bombing in the late sixties reached one of the worst levels in the country. But his job, equivalent to vice-chancellor to an English university, is no sinecure and Professor Dreyfus proved his competence in a hard school.

Mr. Schreiber is a pleasant, conventional, young, machine politician who stepped into the Governor's shoes when Mr. Patrick Lucey was made Ambassador to Mexico. Mr. Lucey had been an early supporter of Jimmy Carter and supported him in the Wisconsin presidential primary in 1976, which Mr. Carter carried by the skin of his teeth against Mr. Morris Udall.

Mr. Lucey went to his reward and Mr. Schreiber is fighting for his life. He may even lose the city of Madison, despite its liberal tradition, and must rely on the traditional solid Democratic vote of working class Milwaukee. He speaks with the accent and grammar of a Milwaukee German.

Professor Dreyfus, however, comes from Milwaukee and is working the state with ceaseless energy, giving interviews, addressing meetings, appearing on television as often as possible.

Meanwhile, Madison has found a new craze—gay parties. Taking after a new movie about university frolics in the 1950s, students wrap themselves in sheets and cavort around, drinking beer and singing old songs. Ten thousand of them are coming to an all-night toga party here on Saturday.

Things have changed since the radical sixties.

Rhodesian Front must heed world opinion

From Frederick Cleary

Salisbury, Sept 28

Lieutenant-Colonel William Knox, the chairman of the Rhodesian Front, told his party's annual congress today that the sole responsibility for the well being of the white electorate, and thus the destiny of all races in Rhodesia, lay with them.

Colonel Knox said that thanks to the common sense in the internal settlement negotiations whites would have 28 seats out of 100 in the Lower House and 10 seats out of 30 in the Senate. Near blood would probably have to be brought in to contest those seats in the forthcoming general election as some of the present 50-man parliamentary caucus would not be seeking reelection.

Australian-born Colonel Knox, a former Rhodesian envoy to Lisbon, complained of apathy in the party due, he said, to the recent Salisbury by-election when the combined opposition votes outnumbered those of the Rhodesian Front candidate who nevertheless retained the seat. But he said there was a steady stream of new party members.

Colonel Knox, described Dr. David Owen, the British Foreign Secretary, as a "little man with a big grudge against the majority of Rhodesians black and white."

He said that if Dr. Owen disappeared from the political scene because of any future British general election his loss would only be mourned by his friends in Moscow and among the murderers of the Patriotic Front.

He told delegates to take notice of world opinion however biased and ill-informed it might be.

But for the first time in many months overseas opinion particularly in America appeared to be taking a turn for the better with far-sighted and realistic men in prominent positions speaking out in favour of Rhodesia and the stand being taken against communism, he said.

'Troops for Rhodesia' offer played down

By Peter Stafford

Officials went to great pains in London yesterday to play down the notion that the British troops being made available to the United Nations would necessarily be sent to Rhodesia.

The British offer, made in a speech in New York on Wednesday by Dr. David Owen, the Foreign Secretary, was a "general purpose" offer, he said. The use of the troops in Rhodesia was not excluded, but they would be available for use anywhere in the world where the United Nations might need them.

There was no intention to earmark a particular unit for service with the United Nations, and to give any special training. The troops would be chosen from some part of the Army as and when the need for them arose.

A similar offer had been made to the United Nations in 1965, when Britain took on a leading commitment to provide the logistic support for six battalions, if they were needed. Since then, Britain's military resources had shrunk, and Dr. Owen's offer was intended to bring Britain's commitment up to date.

The final decision on whether the troops would actually be provided to the United Nations would be taken by the Government when a request was made for them. But the intention was that the provision of troops to the United Nations should be high on the list of priorities, and there would have to be strong reasons before a request would be refused.

British troops could be deployed in a number of different situations, because of the experience they had acquired in Cyprus, Northern Ireland and elsewhere. For instance, they regularly underwent training in Kenya.

The intention in offering an infantry battalion group or a Royal Marine Commando group was that they should be self-contained, with their own communications, Royal Engineers detachment, medical support, ordnance and so on. Although between 800 and 1,000 men would be involved, this offer would be over and

above the British troops now serving with the United Nations in Cyprus, some 600, and the logistic support provided to the United Nations force in Lebanon.

The offer underlined British support for the United Nations. Our political Editor writes: The Cabinet yesterday discussed ways of aiding Zambia following the Prime Minister's meeting in Nigeria last week. It was officially emphasized that Brito's new officer of troops for United Nations peace-keeping force was no special departure in policy.

Despite some criticism from official Conservative spokesmen, Whitehall insists that such troops could be used in Rhodesia only after a ceasefire, after so agreement for majority rule, and under the supervision of the United Nations in the presence of a provisional executive managing the transition to full Zimbabwe independence.

As much had been implicit in the original Anglo-American proposals, it was said.

Johannesburg, Sept 28—Mr. Ian Smith the Rhodesian Prime Minister, today dismissed as "farfetched" Britain's suggestion that United Nations troops should move into Rhodesia.

Mr. Smith, speaking here after a short visit to Durban also said that his government still hoped for majority rule in Rhodesia before the end of this year.

He accused Dr. Owen of "arrogant posturing" and of "going the right way to aggravate the issue."

The Prime Minister conceded that the drafting of a constitution and the planned one man, one vote elections by December 31 were behind schedule. On security, Mr. Smith said there was a lot of control in certain areas at times. "We haven't enough men to cover the whole country all the time," he said.

Earlier today General Peter Walls, the Simbabwe Commander of the Rhodesian forces, said that the "brain centre" of Mr. Robert Mugabe's guerrilla force had been hit in the recent incursion into Mozambique. Agence France-Presse.

Leading article, page 17

Fierce fighting in Beirut

Beirut, Sept 28.—Shells landed in the grounds of the American Ambassador's residence and the presidential palace today as fierce fighting between Syrian troops and right-wing militias spread to most parts of Christian east Beirut, eyewitnesses reported.

They said the residence of Mr. Richard Fawcett, the British ambassador, had been the target of mortar and artillery fire.

Rightist officials described the violence as the worst since July, when more than 200 people were reported killed by Syrian bombardments.

Witnesses said that artillery, mortars, rockets, rocket-propelled grenades and heavy machine-guns were used in the fighting. A Reuters correspondent said he saw rightist artillery repeatedly hit the Rizk Tower, a tall building occupied by Syrian troops equipped with multiple rocket launchers.

Refugees deride Cambodian call to return home

From Our Correspondent

Bangkok, Sept 28

Cambodian refugees in Thailand have ridiculed the idea of "going home to a warm welcome"—as suggested by Mr. Flo Pot, the Prime Minister—as a bad joke.

Most of those questioned at Aranyaprathet, where there are 8,000 Cambodian refugees, believed they would be going to certain death.

Several refugees said they would return if certain conditions—like stationing of United Nations forces—were met.

Refugees recalled the fate of two groups who did return to Cambodia two years ago. According to reliable reports, all were killed.

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Chile's General Pinochet: "a reign of torture".

Chile: the test case for the 'Chicago school'

In your issue of September 20, Tim Congdon states that "Chile has become a laboratory in which conflicting economic ideas are being examined and tested". He is right. Scientific experiments are naturally impossible in the social sciences, but occasionally some governments adopt a policy directly from a theoretical model, so that its subsequent experience almost constitutes a specially designed experiment. The Chilean dictatorship has committed itself to the free market doctrines of the "Chicago School" which have been applied fanatically by its local disciples, the "Chicago boys". The general lines of this economic strategy were endorsed by one of the leading theorists of Chicago University, Arnold Harberger, an adviser to the regime.

But it is astonishing for Mr Congdon to claim that "the success of the free market policy is now not really in dispute" and that "Chile may eventually be regarded as another 'economic miracle' comparable to West Germany". Nobody can dispute that the economic situation inherited by the regime in 1973 was chaotic; the Chilean left will hardly look like a plausible alternative government until it acknowledges the naïveté of having relied on controls to deal with the consequences of high budgetary deficits and wildly unrealistic exchange rates.

But the mistakes of the Allende regime do not in any way excuse Pinochet and his fellow officers betraying their oath of loyalty, still less their subsequent reign of execution and torture. Certainly inflation has slowed down greatly and foreign payments have been balanced. But after all, these are not the fundamental criteria of policy in Chile, any more than they are in Britain. The true test is what happens to social conditions, especially unemployment and public health—and in the longer run to the productive strength of the economy and its autonomy. By these yardsticks the government's record looks very different. While unemployment in Santiago this year is more than 12 per cent of the labour force, it is not quite as serious as it was earlier in the Chicago experiment; it is still three times as high as before the coup. This contrasts with the social disaster in a country like Chile that lacks a comprehensive scheme of unemployment benefits.

So does the elimination, in response to Chicago dogmas, of much of the free social services and public housing programmes. At the same time, as I did recently, the slums of Santiago find conditions which we would consider Dickensian—in sharp contrast to the glittering prosperity of the *harris alto* in the very same city, where the shops are

stuffed with imported luxuries. Reductions in the rate of inflation and in the foreign exchange deficit have in fact been achieved almost entirely at the expense of the people who are most vulnerable—as in Argentina, Brazil and Uruguay, where military governments have also adopted versions of the Chicago doctrine.

There has been a degree of relaxation in recent months (partly because of pressures from the United States and the Catholic Church). Dissect is becoming more vocal. The DINA, the secret police, have been curbed, even reassured. People are apparently no longer "disappearing" after being arrested. But any government unable to account for hundreds of its citizens who have been taken into custody carries a load very difficult to shed.

Moreover, the question is not even whether such political and social costs are justified by the material success of the Chicago experiment. What has been achieved economically is less substantial than appears at first sight. The decline in inflation is decelerating and appears to be levelling off at over 30 per cent a year: this is not a negligible pace, especially after such a long and savage deflationary policy. The external debt has soared. Even the indicator most favourable to this type of policy, per capita national income, shows no significant improvement over 1972.

The government scores particularly badly on what the Chicago school itself should logically accept as the crucial test—whether foreign capital is attracted into manufacturing, to take advantage of the now cheap and plentiful labour. Much of the capital in Chile, but in the form of bank loans or mining investments, as the figures of the Banco Central demonstrate, not for the development of Chilean industry. Foreign investors clearly do not take a very sanguine view of the long-term prospects of the Chilean experiment in a free market economy.

This "experiment" has now run for five years. Supporters of the regime are finding it increasingly hard to argue that the country's very serious and social economic state is due to the errors of their predecessors, or that the political horrors have been an unfortunate necessity. Those in other countries who believe as a matter of doctrine in a liberal economy will surely regret designating Chile as the test case. Milton Friedman is significantly now disclaiming responsibility.

Dudley Seers

The author is a Fellow of the Institute of Development Studies.

*For details of such points see his booklet "Chile: the Rule of the Chicago Boys"—World University Service (UK), 30p, including postage.

Cognac

The outside information

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Why can't the cunning Japanese be as inefficient as we are?

When Mr Roy Jenkins, a few days ago, boldly called for the abolition of the internal combustion engine, he could hardly have expected that his idea would be taken up so quickly and enthusiastically by those few who, engaged in the British motor-car manufacturing industry, had not already been striving for years to turn into reality a state of affairs envisaged by Mr Jenkins only as a remote utopian ideal.

British Leyland, for instance, as well as the way to completing the final stages of its admirable plan to give up the vehicle-building side of its activities altogether, in order to concentrate even more single-mindedly on the more profitable business of sitting around with its mouth open waiting (or in vain) to have thousands of millions of pounds of other people's money shovelled down its gullet by Mr Varley, accompanied by the most inequitable assurance that it is not expected to do anything at all in return, least of all improve its industrial relations. (Is there not something positively poetic about the fact that, in

the confidential document on the Government's attitude to pay-settlements printed in *The Times* yesterday, British Leyland was specifically exempted from its most important provision?)

Now we have Ford, of course, where many weeks or even months may elapse before the Government decides whether its electoral prospects will be most greatly enhanced by approving a bogus productivity agreement, instituting a no less bogus system of sanctions against the company in the wake of a settlement above 5 per cent, or levying an emolument QC to discover, after the most rigorous inquiry, that the Ford workers constitute a special case, as deserving of a substantial increase in wages as he is of the next available judgeship. All that is now needed is a modest touch of intransigence on the part of either side in the Vauxhall talks, together with some fearful assurance that the plans of the new Peugeot management at Chrysler, and the British motor-car industry will be entirely shut down, in circumstances which offer a genuine

hope that it will never start up again.

And it is at this point that Mr Edmund Dell, the Trade Secretary, has just seen fit to call in the Japanese Ambassador and impress upon him once again the necessity for Japanese car manufacturers to limit, or to limit still further, their exports of vehicles to this country. This must have put his Excellency in a difficult position: when, some months ago, Mr Dell went to Japan, and there made the same suggestion, I observed that the notorious politeness of the Japanese must have had a fierce struggle, in Mr Dell's hosts, with their very natural desire to throw him down the stairs. No doubt the Japanese Ambassador, on this occasion, must have had the same impulse. But Mr Dell is a very big man, so that whereas in Tokyo a sufficient number of Japanese, however small individually, could have been assembled to effect such a precipitate and unconventional ejection, the Ambassador in London would, in the nature of things, have been on his own, and therefore reduced—with

what feelings of frustration can only be guessed at—to agreeing with Mr Dell almost without discussion, except possibly to the extent of a plea in mitigation based on his purchase of a Jaguar.

It is reported, moreover, that Mr Dell has expressed concern not only over the number of Japanese cars being imported into Britain, but over the proportion of total car-sales in this country that this number represents. A report which, if true, would constitute a decidedly worrying evidence that Mr Dell—and the evidence would be worrying precisely because in his case the suggestion would be unprecedented—is actually off his head: whatever the number of Japanese cars sold in Britain, the proportion of total sales they constitute is dependent on the numbers sold by all other suppliers, and even a member of the present Cabinet could hardly hold the Japanese Ambassador responsible for the activities of his country's competitors. (Well, not Mr Dell. I bet Mr Varley could, though.)

Now Mr Dell, who is certainly not off his head, undoubtedly

understands the implications of his request to the Japanese better than anybody else, with the possible exception of the Japanese. And foremost among the implications that he undoubtedly understands is that he is addressing himself to the wrong end of the process. For Newton's Thirty-Sixth Law of Motion states that nothing can be sold unless it is simultaneously bought, and devilish cunning though the Japanese notoriously are, they cannot sell their cars in Britain unless people in Britain buy them. If British car-drivers are turning in increasing numbers from British-made cars to foreign-made cars, it is for reasons which seem to them good and sufficient; these reasons may include such matters as cost, reliability, delivery, repair-facilities, appearance, whim and the laudable desire to help the British motor-car industry close itself down, but whatever the reasons the result is that the Japanese are selling more cars because the British are buying them.

And it is seriously suggested that the solution to the problem that this undoubtedly presents for the British car in-

dustry is not to make that industry more competitive, but to persuade its competitors to go away and leave it in peace. One who endeavours to raise himself off the ground by pulling on his own bootstraps makes no more than a figure fun; but what of one who makes the most energetic effort to strangle himself with them?

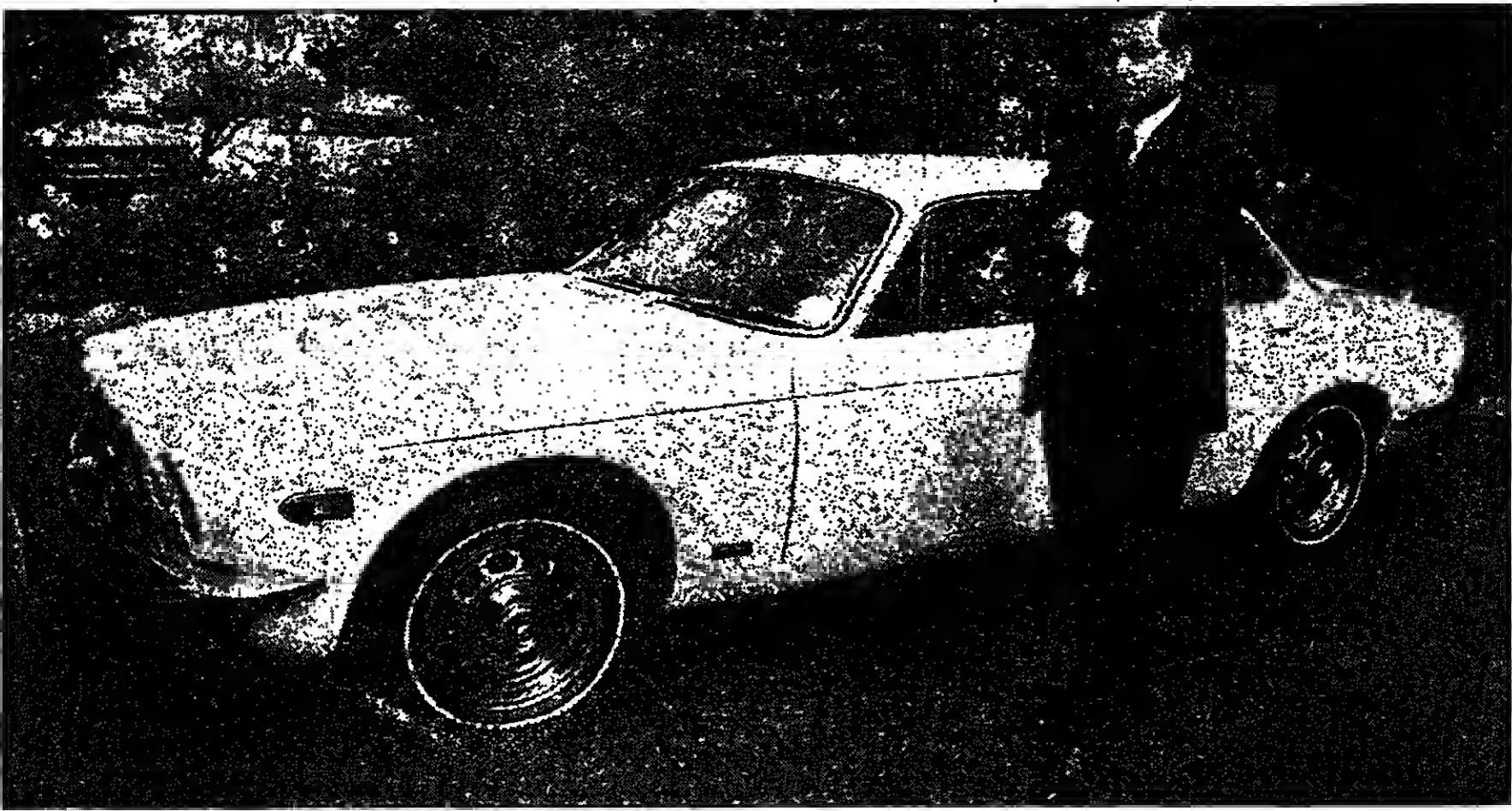
Along with reports of Dell's warning to the Japanese Ambassador (to do Mr Dell justice, I do not suppose for moment that he intended to Excelency to take it seriously and would not be in the least surprised if he had told the Ambassador as much in so many words) there have been renewed rumours that should Japan fail to persuade Japan to become an income tax as making or selling motor cars as the British are unquotable will be imposed and forced.

That would be the jolly notion of all. If foreign cars are banned, after all, British drivers would have to buy British cars or walk. Nor need I principle of living by taking our own washing soap, as of course; I look forward the day when no foreign motor-factured goods are permitted into this country at all, at which time the rest of the world having retaliated by banning British goods—we all sit also wondering why we are starved to death.

The paradox in which we are trapped is that within Britain it may be inefficient, where externally it does not p Britain at all. If the British Government—any British government, present, past or future—could care more for Britain for winning elections, would send Mr Dell or I equivalent to Japan with instructions to tour Japanese motor-car factories, exhort the workers to redouble their efforts, increase their productivity still further, and survive export more and more cars Britain. Then it would arrange a particularly favourable tariff for such cars. Then it would let the British motor-car industry match the Japanese performance or go out of business.

It will not happen. The Le Land drain will swallow more millions as a fudged settlement will be arrived at Ford's, more of our money will be spent on paying Peugeot let Chrysler remain unsuccessful, and ministers will continue to beseech the Japanese to make further efforts to be inefficient as we are. An further massive subsidies will be given to the British industry.

Times Newspapers Ltd, 1975



Buying British: a proud Mr Tadao Kato, the Japanese Ambassador, shows off his new Jaguar.

The options for choosing Labour's leader

Geoffrey Smith

It is widely assumed that the principal constitutional battle at the Labour Party conference next week will be on the re-election of MPs. That may be true in terms of the sound and fury that will be aroused. But the issue will be in doubt only if there is a massive change of heart on the part of the leading trade unions.

A compromise has been devised by a working party of the national executive committee including Mr Moss Evans of the TGWU, and Mr Terry Duffy of the AUEW. As it will also be supported by other sections of the trade union and party establishment, it would be surprising if a scheme with such initial backing were to be defeated.

But the position is rather more uncertain over the method of electing the party leader. Throughout the history of the party it has never technically had a leader. What has happened is that the parliamentary party has elected its leader who has then been accepted de facto as the leader of the whole party. But this title has never been officially bestowed upon him.

At the 1976 conference, however, a resolution was passed requiring the NEC to appoint

a working party to define the office of leader of the party and to consider appropriate means of widening the electorate for choosing him.

This was seen to be following the principles of wider democracy and participation; it was keeping up with the Liberals who had earlier that year thrown the choice of Mr Thorpe's successor open to the party as a whole; and it was a means of wresting the decision out of the hands of the parliamentary party with its majority of the right and centre. So the issue is contested on two different levels.

It is partly an argument over the most appropriate and seemingly method of choosing the leader, and it is also part of the perennial battle between left and right for control of the party.

The parliamentary party has been emphasizing two points in resisting any change in the method of election. Only MPs, it is argued, have had the opportunity of seeing the candidates at close quarters over a period of years under varying kinds of political stress. They are therefore in the best possible position to know the merits and the

hidden flaws of those who might be chosen to lead.

Secondly, it is the practice for Labour councillors alone to choose their leader on a local authority: so why should the same principle not apply to MPs? But everyone is aware that unless there is a marked swing in the composition of the NEC, it will be only if the method of election is changed that a pronounced left-winger is ever likely to be chosen—as distinct from someone with left-wing associations who has moved towards the centre like Mr Harold Wilson in 1963.

Three options will be presented to the conference by the NEC working party next week. The first is to keep the present method of election, by MPs only, but to make the chosen person leader of the whole party as well as well as in practice. The second option is to have the leader elected by the annual conference, which would mean transferring the decision in effect from the MPs

to the larger trade unions with their block votes. This would be much more radical, but there is no sign that this is what most of the trade union bosses want. They already have plenty of power within the party.

Their votes dominate the conference; they are decisive in electing more than half of the NEC; and there is the psychological authority that comes from providing most of the party's funds. If the union leaders were seen to elect the party leader as well, they would be still more vulnerable to the charge of wielding excessive political power—and the present generation of union bosses would be unlikely to differ from the MPs as to who should be elected anyway.

The third option is the most radical because it would involve transferring the decision not just away from the MPs but to those who would be likely to make a very different choice. This proposal is for a special

electoral college which would be weighted towards the constituency parties. This is the option favoured in an article in *Labour Weekly* by Mr Stuart Holland, the left-wing candidate for Lambeth, Vauxhall, who is known to be a supporter of Mr Wedgwood Benn.

It is the method most likely to produce a left-wing leader. Mr Holland makes it clear that he sees such a change as part of a wider strategy designed to push a future Labour government in that direction. He would like to see not only the leader but the Cabinet elected by the movement as a whole.

But there is no chance of this option being adopted at this time. The trade unions would not want to see the decision taken away from the MPs only to be given to a body deliberately fashioned to give a bias to the constituency parties, and this would be the worst possible time with an election in the offing to change the party's constitution in a way that would be regarded as a triumph for the left.

So in practical terms the choice is between the first option and the status quo. They may seem, and indeed they may be presented to the conference

as, virtually the same thing. The leader would be given the title that corresponds with how everyone thinks of him at the moment. Yet there would be a subtle difference.

It is one thing for the leader of the parliamentary party to be accepted as leader of the party in general. But once he is formally and officially leader of the whole party then other sections of the party will be able to claim with a greater appearance of logic that they should have a hand in electing him—and if they then proceed to elect someone who would not command the confidence of the MP there would always be the danger of the PLP electing its own leader. That way lies chaos. Yet option one will be very hard to argue against in the conference.

It would make the form correspond with the reality. I would not arouse fears of a left wing coup. The one change would tend to enhance rather than diminish Mr Callaghan's authority. But while it would provide for the substance of the status quo, the movement it would make further change more likely in the future. Those who want the status quo would be wise to vote for it.

MOSCOW DIARY

Mushrooming pleasures of late summer

Now is the best time to go to a Russian market. The summer's produce spills over the stalls in rich abundance. Large tomatoes are arranged in rows, melons and watermelons from the south look succulent, plums, apples, pears and peaches make a rare appearance, and fresh herbs of all kinds are sold by those who have private plots to fill.

And above all there are mushrooms. Stall upon stall of different shapes and colours lying in heaps waiting to be picked, bottled, preserved, dried, salted, fried, baked, or even eaten raw.

Moscow's mushroom sellers have a captive market. Russians love fungi of all kinds and can turn almost any corrupted and evil-looking shape into a delicacy. But even more, they love gathering them.

end sharp knives to go mushroom hunting.

The sport has a mystique of its own. The enthusiasts set off in the small hours in hired buses to be sure of finding the night's crop when it is fresh. Many make a weekend of it, and take the late night suburban trains into the villages on Fridays. They take a short nap at the stations—the harder even venturing to camp in the woods—and at first light they begin.

To go mushrooming you must share eyes, waterproof boots and old clothes and a stout stick. Experts know the best ground for mushrooms—spongy and shady for some, a little drier and near birch trees for some of the tastiest.

You need a stick to poke at the fallen leaves, as some of the commonest look just like yellow leaves. Or if you lift up the branches of small pines you can find a variety of mushrooms sprouting in the sheltered gloom.

There are up to 40 varieties of edible mushrooms commonly found around Moscow. Generally considered are the *belgia*—white ones—but also common are *chernushki*—black ones—and *lisichki* (little foxes). Others have picturesque names like "under the aspens", "under the birches", "little

pigs", "Caesar's mushroom", and a popular sort called *opyata*, meaning "round the tree trunks".

Mushrooming is quite hard work. You wander from glade to glade, peering, bending, picking and scrubbing through trees. In some places there are little colonies of bright red button-shaped mushrooms; in others you find a large, gnarled looking, yellowish-brown one standing on its own or half hidden under the soil.

In the excitement of the chase you can go on for hours, and get completely lost. People go in groups and call to each other now and then so as not to get parted. Or else they call over their friends to work a particularly productive patch or to view a giant mushroom (newspapers regularly report the finding of mushrooms several feet across).

Of course, not everything is edible. As a rough rule anything with a thin stem is an inedible mushroom. The Russians call these *poganki* from the old word *pogani* meaning foul. Some mushrooms are well known in Britain—the bright red ones with white spots, called here "fly poison" or some temptingly smooth white ones which are hazardous similar to common field mushrooms. Other

poganki have a delicate tint of purplish blue.

Most Russian *gribniki*, as mushroom-hunters are called, know the difference between good and bad, but unfortunately not all. Every year there are cases of poisoning, sometimes fatal. Hospitals prepare for a rash of mushroom cases when the season starts in early summer.

For people's guidance many booklets and pamphlets are published on the attributes and characteristics of fungi. Children learn about them at school. Large illustrations are put up beside the market stalls to inform people what is what.

You can tell if someone has been in the forest before you. You find tell-tale, newly cut stems or a fresh mushroom lying on the ground which has been inspected and rejected.

At the end of the day the *gribniki* sort out their baskets of fungi, rejecting the bad or very dirty. The tedious task of cleaning them properly begins at home. It is usually work reserved for the women. Russians love mushrooming because it takes them out of doors. They are happy people who like getting close to nature and enjoying it to the full.

Get to work, *gribniki*. One day you'll be a TV star!



When they walk or sit or fish or mushroom they go on until it rains; otherwise they feel they have not had a properly exhausting day. The reward is warmth at home later, or several glasses of vodka with pickled mushrooms from an earlier crop, or a visit to the steam baths to relax.

Mushrooming can also be profitable. State-run mushroom centres are set up at the edge of a forest and near a stream to buy from hunters, who help to clean them. Professional people even go to sell mushrooms to the market in save up money for cars and other luxuries. And in winter a string of dried mushrooms can cost up to 20 roubles. But then no Russian soup is complete without mushrooms somewhere.

This year has been a good year, mainly because of all the rain. But the unusually cold autumn has discouraged people at the height of the season, which has now almost come to an end.

Even in city centres the older enthusiasts can be found mushrooming on the grassy medians that separate the lanes of the main highways, or in the little parks between Moscow's boulevards.

Russians do not lose their enthusiasm when the weather is cold. It has been reported that if you get up early enough in London you can sometimes see Soviet citizens hunting for mushrooms in Richmond Park. It is amazing that such delicacies are so neglected by the natives.

Michael Binyon

هكذا من الإله



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BRITISH TROOPS FOR AFRICA?

The Foreign Secretary's offer to make 1,000 troops available to the United Nations peacekeeping force at a week's notice offers from an impression which makes it vulnerable to a number of interpretations. On the one hand it is merely an admission to the United Nations that the British Government's offer in 1965 to provide logistic support for a peacekeeping force of up to six infantry battalions has been scaled down in line with a reduction in British defence. On another level it can be seen as a sign of some modification in British policy towards Rhodesia, where the Government has not envisaged any British military involvement except for the distinguished figure of Lord Curzon, the very blandness of Dr Owen's offer has thus enabled it to be looked at as something which could fit any or all of these different interpretations—and any other situation in or out of Africa—whereas all previous experience of United Nations peacekeeping operations has shown how hard it is to make general commitments of this kind. Each emergency has required ad hoc solutions in both the military and political spheres, and this will obviously be the case again in southern Africa should such a case arise.

Dr Owen's offer of an infantry battalion or a marine

commando may not be the kind of contribution which the United Nations staff hopes Britain will provide for Namibia. An informal request has been made for a signals unit to support battalions from Canada, possibly Poland, and Latin America. The view held at United Nations headquarters, rightly or wrongly, seems to be that fighting units from Britain deployed to Africa would be politically unacceptable, whereas there are few countries better equipped to provide good communications facilities than the British. Moreover Mr Vorster's announcement that South Africa intends to proceed unilaterally in Namibia may eventually make these United Nations plans academic; even if the situation there changes and a United Nations force does help to supervise elections, it would be unwise for the British Government to envisage too much similarity between a possible Namibia peace-keeping operation and a possible Rhodesian one.

Before Dr Owen published the Anglo-American plan for Rhodesia last year there was some discussion in London about a Commonwealth force for Rhodesia which would have contained a British military contingent. However, Mr Callaghan's Cabinet would have none of it. Consequently, when the Anglo-American plan eventually surfaced there was to be no British military involvement other than Lord Curzon, the Resident Commissioner's desig-

nate, who was to work with a UN force under the command of General Prem Chand. Lord Curzon would have been in command of the Rhodesian security forces; and his task would have been to arrange to blend those forces with units of the guerrilla armies. Although Lord Curzon and his staff have been working on a plan for such a fusion of Rhodesian forces, there has been little comparable work on the shape of a UN force for Rhodesia. Perhaps Dr Owen's offer yesterday should be taken as a sign of Britain's desire to hasten international preparations for a take over in Salisbury.

Whitehall still seems to regard it as "unthinkable" that Britain could unilaterally reassume responsibility for Rhodesia in the event of a straight surrender offer to London by Mr Smith and his black ministerial colleagues. Paradoxically, this reluctance to commit military personnel to the area does not seem to have survived the Kame meeting with Dr Kaunda, where Britain may have indicated a readiness to send some military help to Zambia as a deterrent to the Rhodesians retreating too far against the Patriotic Front. However, in the event of a Rhodesian collapse, or a surrender, British political and military responsibilities could not automatically be off-loaded to the United Nations, and the possibility of a transitional British presence in Salisbury should not be totally disregarded.

POLITICS AND MANAGEMENT IN PUBLIC INDUSTRY

Herbert Morrison's concept of the publicly owned corporation and its relationships with government and with Parliament as based on debates within the Labour Party and elsewhere during the 1930s and on the example of London Transport. It is not the test of time. The Select Committee on the nationalised industries has taken the opportunity provided by its re-legislative hearings on the proposed reorganization of the electricity supply industry to raise again questions which go wider than the specific proposals put forward by Mr Benn or this one industry. There is widespread agreement that things have gone wrong. There is, however, totally divergent views on the direction in which they might best be righted.

Euphemistically, the report published yesterday refers to the "parliamentary constraints" that have allowed the issues involved to be exposed in this way. In the "normal" course of events, that is to say if the Government of the day had a working majority, Mr Benn's bill for the industry

would have gone through with only minor amendment. The legislation would have been presented to Parliament after private compromise had taken the necessary account of effective pressure groups. As the report says, the bill would legitimately have been presented by the Minister as one commanding wide measure of general support among interested parties. The underlying issues and conflicts would not have been presented for full and public examination. Re-examination was only possible because the Liberals declined to support the Bill. The Select Committee was thus given the opportunity to conduct its experiment in pre-legislative hearings. The result has justified the conclusion that "more legislation should in future be subjected to this process, unless and until specialist select committees are given direct responsibility for legislation in their areas."

In the debate about the reform of the triangular relationship between government, Parliament

and the nationalised industries, which the report illustrates by way of reference to proposals for this particular industry, the Select Committee of course represents an involved party. Not surprisingly its conclusions and recommendations would tend to enhance the power of Parliament. The general experience, however, of the past three decades is that the problems of these industries are made worse not better by close political involvement. There is no reason to suppose that this would not apply as well to greater Parliamentary access to ministerial and official intervention. Given the nature, scale and financing requirements of many of these industries there will inevitably be political involvement in and political pressure on what, in an ideal world, ought to be the commercial decisions of the industries involved. Discussion of reform, however, should be based on the attempt to strengthen rather than weaken the commercial, as opposed to the political, environment in which these corporations exist.

OPEN OPERATIONS FOR THE OMBUDSMAN

In their latest report the Select Committee on the Parliamentary Commissioner for Administration recommend that the Ombudsman—give him his popular title—should have the right of access to Cabinet papers, except where the Attorney-General certifies that such access would be prejudicial to the safety of the state or otherwise contrary to the public interest. The occasions when this right would be critical to his investigations would be limited, but the question raises some important issues of principle.

It is not the function of the Ombudsman to be a court of appeal to whom those dissatisfied with the political judgment of the Cabinet may turn for a second opinion. He is an officer of Parliament, not the source of a higher jurisdiction than Parliament. Nonetheless, the Act of 1966 establishing the office specifically empowers the Ombudsman to consider possible maladministration by Ministers as well as civil servants. It does not go on to define the meaning of maladministration. That is left in effect to his discretion. So the question is what powers he needs to have in order to be able to pronounce upon Ministerial maladministration, according to any reason-

able interpretation of that word, as distinct from a proper exercise of political judgment.

The question presents relatively few difficulties if the activity or pronouncement at issue is the work of a civil servant in the name of his Minister. It is a more subtle matter when the Minister's own hand is directly involved. That was the point to dispute over the Ombudsman's report on the Court Line affair some three years ago. He concluded that Mr Benn had a year before given unwarranted expressions of confidence in Court Line and that this had induced a false sense of security among prospective clients in advance of the company's collapse.

Had Mr Benn simply exercised a responsible Ministerial discretion in seeking to maintain public confidence in a company that was still in business and that the Government was aiming to restore to health? Or had he just been careless? The Ombudsman formed his judgment on the evidence as he saw it, but it would surely have been all the better if that evidence had included the relevant Cabinet papers. The danger of the Minister being condemned unfairly, or of escaping parliamentary censure behind a cloud of political rhetoric, would have been reduced. That would have been

to the benefit of good government without putting any national secrets at risk.

Another instance is provided by the blacklisting of companies that infringe the Government's pay policy. It is our view that to have a blacklist at all is unlawful. This however is not an issue for the Ombudsman; redress should be sought either in political action or through the courts where the legislative authority for the policy is at issue. But if there is to be a blacklist it is still worse if it is applied arbitrarily and unfairly. It is in the national interest that even an unlawful policy should be administered fairly and properly. But any investigation into the operation of the blacklist will be hampered without access to Cabinet papers.

If this is granted it will not mean that the nation's innermost secrets will thereby be broadcast to the world. The Select Committee recommends that the Attorney-General should retain a veto, and a distinction should be drawn between access to papers and the publication of all material which the Ombudsman is able to see. But the more material he is authorised to see in forming his judgments, the more will those judgments command confidence and the better he will be able to perform the function for which the office was created.

St Albans Chapter House

From Miss Eileen Roberts
Sir, I was on holiday when your archaeological report on the St Albans Abbey Chapter House appeared (August 22) and so acquaintance has only recently drawn it to my attention. It admirably outlines the history of this outstanding site, continuously in use for Christian worship, from Alban's death in AD209 to its present role as a busy cathedral.

Few doubt the need for a visitor's centre, but the choice of site, involving the destruction of the Chapter House remains, has aroused heated controversy. No doubt grant was forthcoming for the simple reason, presumably, that this was not a "rescue" dig: there are four alternative sites north of the cathedral free of monastic remains and they link the church with the town in a more sociable way.

The learned David Knowles ranked St Albans in importance with Monte Cassino, Cluny and Bec.

all centres of international pilgrimage. Mr C. N. Johns, MA, FSA, the archaeological assessor at the public inquiry of January, 1977, wrote: "Every remnant of this exceptionally distinguished monastery is worth saving."

Yet the route for builders' lorries will churn over the monastic site from the south, and plans are already in the air for extending the new building in the future, involving the destruction of the tower.

The dig revealed the massive walls of Robert de Gorham's Chapter House, and the long sequence of graves of the abbots of St Albans during its three most glorious centuries. These include the grave of Paul de Caen, who built the 13th-century abbey. Last year, when the 900th anniversary of the achievement was celebrated in "Festaban", he was lauded and extolled. This year, his tomb is to be grubbed up.

When Paul built the Norman abbey the Saxons were enraged that he destroyed the tombs of all the

former abbots from the eighth century onwards. Nine centuries later a similar outrage is to be repeated. "Those who forget the past are condemned to repeat it," said Santayana.

The DoE has powers to protect our heritage of monastic remains, yet the Secretary of State for the Environment Peter Shore stunned many by ruling in favour of the proposed scheme in September of last year.

Not all decisions arrived at through public inquiry are acted upon, nor considered ultimately correct. The Maplin site for the third London airport is a case in point. May your excellent report of August 22 move the Cathedral Council to think again, choose another site for the modern building, and win the approbation of all who care about our heritage.

Yours faithfully,
EILEEN ROBERTS,
London Road,
St Albans, Hertfordshire.
September 21.

The rise in violent crime

From Mr Frank D. Barber

Sir, If nothing more were at stake than the good reputation of the Home Secretary, then we could afford to disregard his famous placidity in denying that the increase in the activities of violent criminals has created no go areas for the public after dark in parts of London and to other big cities. Mr Merlyn Rees explained the rise in crime figures by referring to "a situation where the number of police increases and the rate of detection is improved."

It seems then that the criminals in South London are cooperating by providing the higher crime rates in anticipation of promised police reinforcements. In fact, the Home Secretary's remarks betray a contempt for the feelings of ordinary folk, who are obliged to live in daily fear of physical assault, violent robbery and sometimes of much worse.

The published figures of violent crime show that robberies and violent thefts in some areas of London doubled and even tripled during the first six months of this year compared with a similar period last year. But these figures merely reflect official records. There are certainly frequent instances where the victim of an assault or an attempted robbery does not report to the police.

Whereas not so long ago it was quite exceptional to have personal knowledge of violent crime it has become a common experience. You are either a victim or there is one living in a few doors away. Older people especially fear to leave their homes after dark, their social life decays and with it the sense of well being. Confidence in the natural justice of our society is destroyed, too, for when people turn to politicians or the opinion formers they find instead of understanding a seemingly perverse concern only with the welfare of various minorities, the deprived, the immigrants, the under-achievers and the rest of the socialists' stage army.

A great many people feel bewildered and resentful. Victims of an unprecedented crime explosion, they have their anxieties dismissed by Mr Rees with a cold shrug.

This is potentially dangerous state of affairs. When ordinary people begin to believe that their concerns are neither understood nor respected by their political leaders they will sooner or later look elsewhere. The day of the demagogue will dawn and a new violence be unleashed.

Respectfully,
FRANK D. BARBER,
Clapham Common West Side, SW11.
September 26.

Reporting marches

From Mr Jack Chernin

Sir, I was very disappointed when I read your reports on the two marches which took place last Sunday (September 24). First of all the National Front march was given front page treatment whereas the anti-Nazi march was demoted to the second page. Secondly, the National Front march was reported without comment in the true journalistic sense, but the anti-Nazi march report contained more of the impressions of your reporter rather than what actually happened.

It was very reminiscent of the manner in which the campaign for nuclear disarmament was treated by the press in the early sixties, and also there were reminders of the indifferent reporting of what was going on in Germany in the mid-thirties.

It is deeper really wants to convince people like myself that you really are anti-racistist then I think the type of coverage which you gave to the marches needs to be drastically revised.

Yours truly,
JACK CHERNIN,
52 Croydon Road,
Northolt,
Middlesex.

Grants for building repairs

From the Chairman of the Historic Buildings Council of Northern Ireland

Sir, My attention has been drawn to an article in your edition of September 11 from John Young, Planning Reporter, writing from London, in which he states:

"Inevitably the conservation programme has run into difficulty in some cases owners of historic buildings have simply pocketed the grants they have received and carried out no repairs."

This statement is quite incorrect. No historic buildings grants are paid out by my council until our architects are satisfied that the approved grant eligible items have been carried out in a satisfactory manner. I think that your correspondent has confused the Historic Buildings Grants with Bomb Damage Claims: in the latter case many owners have certainly pocketed their compensation and have not reinstated.

Yours faithfully,
CHARLES KINAHAN, Chairman,
The Historic Buildings Council
of Northern Ireland,
50 Corn Road,
Templepatrick,
Ballyclare,
County Antrim.
September 26.

Unions in the forces

From Mr J. E. Humphrey

Sir, Mr Stanley Davison, of the ASTMS, arguing for union recruitment among members of the armed services, asks (your report, September 21): "Instead of pay and conditions being determined by a review body, why should they not be subject to the normal collective bargaining process?"

Because, while national defence by its nature demands undivided devotion to duty, collective bargaining in the forces is a dangerous exercise. For there is no place in the services which, doing business in national survival, not in wasting machines, have a job which permits no blazes.

Yours faithfully,
J. E. HUMPHREY,
9 Offington Gardens,
Worthing,
West Sussex.

More afterthoughts on Bingham

From Mr Peter Rickard

Sir, Amid all the double talk precipitated by Bingham, Hugh Stephenson's "Afterthoughts" (September 25) appear to me to be about the most balanced comment yet. Even so, he appears to accept the now conventional view that events concerning the distribution of petroleum products about southern Africa were either mis-reported in London or not reported at all.

My experience as a former employee of Shell Southern Africa suggests that at least a part of this version simply isn't true.

The SAPREP refinery at Durban is the largest and most complex in southern Africa. Its capacity and range of end products make it the key in the supply of petrol, oil and lubricants throughout the region.

It is jointly owned by Shell and BP and the Shell and BP marketing companies draw their supplies from it. As you would expect these marketing companies know exactly what their customers are, what products they require for what purposes and this applies across national borders and equally to commercial and military users.

The whole is a closely scheduled and very professionally managed operation from the delivery of crude to the final supply to the end user.

These companies also have formal and well exercised liaison at the highest levels of government, as the Cape Town to London link there are systematic review procedures. In addition, there is no shortage of visiting brasshats, particularly during the European winter.

The issues raised by Bingham are clearly of major political significance and are thus highly sensitive.

Religion in schools

From Mr D. Paul King

Sir, The article on religious education in schools by your Religious Affairs Correspondent Mr Clifford Longley (September 25) cannot pass, and probably was not intended to pass, without critical comment.

It is a potentially dangerous state of affairs. When ordinary people begin to believe that their concerns are neither understood nor respected by their political leaders they will sooner or later look elsewhere. The day of the demagogue will dawn and a new violence be unleashed.

Respectfully,
FRANK D. BARBER,
Clapham Common West Side, SW11.
September 26.

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Yours truly,
JACK CHERNIN,
52 Croydon Road,
Northolt,
Middlesex.

EEC force in Namibia

From Mr Justin MacCarthy

Sir, Mr Martelli's arguments (September 14) in favour of the inclusion of so EEC contingent in the United Nations force in Namibia are inspiring to the record of United Nations peace-keeping forces.

While the leading members of the Community may overflow with knowledge of and sympathy with African problems they reflect little empathy with emerging African nations. United Nations forces which have been drawn from the smaller nations of the world have been consistently successful in earning the trust and respect of those who have sought their help.

Many of these smaller nations once were colonies whose armies were brought in to maintain order in their United Nations duties than the armies of the leading members of the EEC engaged in similar duties. French paratroops, for example, have not been noted for

Buying US engines

From Mrs Maurice Edelman

Sir, How very disappointing that Sir Freddy Laker—the free enterprise huncamoon—should have put the short-term interests of himself and his constituents before the long term interests of the aircraft industry and the country.

Yours faithfully,
MATILDA EDELMAN,
61 St Mary Abbots Court,
Warwick Gardens, W14.

Rabbit control

From Mr R. T. R. Pierce

Sir, The results of Mr Roosey's amnesty for all predators (September 15) can be seen on many areas of landscaped ground, where there are plenty of foxes, crows and magpies and precious little of anything else, be it songbirds or game, apart from rabbits which are not kept down in these circumstances. If he wants to see a really rich and varied wildlife he should try to keep the farmed and well landscaped estates where, through game preservation, many other species are also conserved.

Such an estate provides more employment, more wildlife and more food from both crows and game than where nature is allowed to take its course. By far the greater part of our landscape has been created by man and must be managed by him, a principle accepted without question by gardeners.

As for DDZ, dammingly described by Mr Roosey as "dangerous to the life of the nation," it is the millions of human lives and huge tonnages of crops have been saved by its use without so far as I know one human casualty.

Yours faithfully,
ROGER PIERCE,
Chilren View Farmhouse,
Kingsman Street,
Oxford.

but let us at least do away with one piece of humbug, which is that oil company executives don't keep one another informed.

For the moment it may suit them to have it appear that way, but the truth is a very different matter. Yours faithfully,
PETER RICKARD,
Blackdown House,
Mary Tavy,
Tavistock,
Devon.
September 26.

From Mr D. J. Boyd

Sir, Your conclusion that it is not "realistic" to bring sanctions charges against those who have held high office in government and the oil industry is extraordinary and, I venture, unworthy of you.

It is surely no part of our legal system that the attainment of high office confers immunity of any kind, even if the offence has "political" connections and the defendants are numerous.

If our institutions are to command respect, they must take no account of status. The importance of this was well exemplified by the Watergate saga in the United States; and these congressional inquiries were reckoned to be no bar to criminal proceedings.

It may be argued that sanctions against high officials would be a deterrent to the oil industry. Even if that were so, the sanctions order was thought important enough for prosecutions to be brought against several companies and individuals and substantial penalties imposed. Yours faithfully,
D. J. BOYD,
St Luke's Nursing Home for the Clergy,
Fitzroy Square, W1.

pupils: teachers and elected representatives are equally involved in presenting to schools an agreed programme for the subject.

Certainly religious education in schools needs (and has many) dedicated and well qualified teachers able to relate to their pupils and to encourage an understanding of the nature and claims of religion, not least of Christianity.

The task also demands adequate time, space and resources, as for any effective educational activity.

Much of my time is spent in RE classrooms and I do not have to rely on anecdote and second-hand surveys for pupils' reactions. All is not sweetness and light, but neither is there the universal boredom and arid teaching which Mr Longley so readily assumes.

Denominational instruction in county schools is prohibited by the 1944 Act, so we cannot do the churches' job for them. But we can, and are, providing pupils with some understanding of religious traditions and practice and of their Christian cultural heritage, which in turn assists their own search for meaning and purpose in life.

Yours faithfully,
D. PAUL KING,
Chairman, National Teachers' Committee for Religious Education, (Christian Education Movement), Barley Brake, Nadderwater, Exeter, Devon.
September 26.

Inflation and pay increases

From Mr P. A. Hill

Sir, Your leader (September 26) puts a powerful logical argument against rigid pay policies. But it completely fails to deal with the other side of the question: when inflation is say 10 per cent per annum, automatic cost of living wage increases must be kept below this figure or inflation is bound to get worse. This may continue indefinitely—indeed why not incorporate it in permanent legislation?

The right of workers to reap the rewards of working for a profitable organization is no problem—this is not a cost of living reward but a "merit" award or "profit element", and should be negotiated and paid distinct from the cost of living increase. Companies operate such schemes for their staff, why not extend the two-tier increase to all workers? Cost of living rises would still protect everyone against inflation and the present lack of incentive to work for the success of the organization would be remedied. Yours faithfully,
P. A. HILL,
23 St Ann's Park Road,
SW18.

Beating the burglars

From Mr John D. Wheeler

Sir, The sympathy of most people will extend to Mrs Mary Fretwell—The Times, September 22. But she is right to ask why the government does not encourage better crime prevention methods by way of grants or rebates under the domestic rating system. The sad truth is that, today, a crime is committed every twelve seconds, and every minute there are nearly 12,000 burglaries and robberies. At least half of all those found guilty of or cautioned for burglary in 1976 were under 17 and they broke into people's homes because it is all too easy.

Our hard working police forces do not have the resources to investigate every crime reported and only four out of every ten recorded crimes are solved. Thus the neglected aspect of crime prevention, especially that of encouraging people to protect themselves and their property, offers one of the best ways of containing the rising crime figures. Rare rebates to the domestic householder who improves the security of the home, with insurance companies offering premium rebates when property is well protected, are probably the best hope for the future.

Simple tactics such as lights and radios operated by time switches, so as to give the impression the property is occupied, will also help. But it is a keen drive towards crime prevention in all its aspects which offers the best hope for containing crime in the future, to which must be added a rekindling of moral courage and responsibilities.

Yours faithfully,
JOHN WHEELER,
Prospective Conservative parliamentary candidate,
City of Westminster, Paddington,
Paddington Conservative Association,
92 Bishop's Bridge Road, W2.
September 25.

Motorways for the motor industry

From Mr David Owen and others

Sir, After four years of Government indecision over major roads policy, we feel justified in looking forward now to a period of constructive progress, based upon the reports of the Leitch committee, the Council on Tribunals and the recent White Paper on English trunk roads—in which routes for industry and to the ports are given the highest priority after the 80 large trunk road schemes in progress in England today, only the Ludlow bypass in the West Midlands and it may be two years before any others are started—let alone finished.

There is no indication of urgency, no recognition of the motorway gaps which exist, to the detriment of both the Midlands and the nation. The geographical and industrial heart of England is not going to have free motorway movement for 8-10 more years, and so must traffic jams.

Not until then can we expect the completion of M40 from Birmingham to its present terminal east of Oxford (with connections to Southampton), of M42 from the M5 at Bromsgrove to the M1 near Nottingham, and of the "Trade Route in Europe" stretching 150 miles to the Haven Ports. When the full-bustling of the professional motorway obstructionists is added, then completion of the road network may be deferred until after 1990.

We in our organization account for 72,200 jobs in the Midlands, £265m per annum in wages and salaries, £717m in exports. We believe that the time scale is indefensible and indeed derisory in terms of running an efficient and profitable British economy.

There is one other aspect which has not yet been publicly ventilated: the critical importance of the M40/42 complex, on the southern side of the West Midlands conurbation, to the motor industry, thus, if an arc of motor factories and component suppliers is drawn from Wolverhampton, via the Black Country, Bromsgrove and Loughborough round to Leamington and Coventry; and to the arc, are the Cowley/Abingdon/Swallow factories; it is evident that these "arcs" require connecting now, quite apart from the extra five or six million vehicles forecast to be on the roads by 1990. The situation demands an immediate concentration of effort, finance and execution on the part of government and industry.

Seventy miles of the M1 were built in a year and a half. The road construction industry needs the contracts to reduce its 50,000 unemployment.

We will upon the Government, with the support of the Opposition, to provide the finance and release the pent up energy—swiftly and with real determination!

Yours faithfully,
A. DAVID OWEN, Group Managing Director, Rubery Owen Holdings Limited.

CAMPBELL FRASER, Managing Director, Dunlop Holdings Limited, BERNARD SCOTT, Executive Chairman, Lucas Industries Limited, W. P. THOMPSON, Managing Director, Jaguar Rover Triumph Limited, Darlaston, Wednesbury, West Midlands.

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Saving legal archives

From the chairman of council, British Records Association

Sir, Dr C. T. Wans (The Times, September 25) paints a deplorable picture and perhaps this Association can give him some comfort. Since 1932 its Records Preservation Section, which is housed in Master's Court, The Charterhouse, and which employs a qualified archivist, has been rescuing and distributing to suitable repositories material from solicitors' offices throughout the London area.

This work is financed by the subscriptions of members of the Association, by grants from the repositories to which material is sent, and by a grant-in-aid from the Civil Service Department. It could do much more if it were helped more generously by those who benefit from the work, but a visit to the Charterhouse would demonstrate to anyone who is interested how many of the legal profession have already responded to repeated appeals from us.

Yours etc.,
DOROTHY M. OWEN, Chairman of council,
British Records Association,
The Charterhouse, ECI.

John
chartered

MPs call for more power to question ministers' orders to state industry

Nicholas Hirst
In a report today, a select committee of MPs is recommending that the Government should be given more power to question ministers' orders to state industry.

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In today's report on the electricity supply industry, the committee makes no specific recommendations as to how it should be reorganised. The committee is convinced, however, that legislation ought to be brought in during the next session which would take account of the weight of evidence presented to it.

This was welcomed yesterday by Mr John Lyons, secretary of the trade union side of the industry.

The weight of evidence clearly supports the framework of the structure in the draft Bill, which would set up a Central Electricity Board, amalgamating the present Central Electricity Generating Board and the Electricity Council.

Area boards would have management autonomy but would be subsidiary to the CEB and not statutory authorities in their own right.

A most controversial aspect of the Bill, however, was that the Secretary of State for Energy, not the board, should appoint the members of area boards.

An acceptable compromise whereby only part-time area board members should be government appointees, emerges from the evidence.

The Bill widely extends the duties of the electricity supply industry and the powers of the Secretary of State to intervene in its affairs. The CEB would be obliged "to have regard to such requirements of national energy policy as may from time to time be communicated to it by the Secretary of State".

The minister would also have the power to give specific directions to the CEB on matters which affected the national interest.

The select committee thought the power of specific direction was "entirely appropriate". Ministerial influence should be precise, overt and subject to parliamentary scrutiny.

Leading article, page 17

Lucas loses long fight for French company

From Charles Hargrove
Paris, Sept 28

The Lucas group's ambition to achieve Continental supremacy in the production of automobile starters faltered today when it lost its long battle to get control of the Duccellier Company, the leading French maker of starters.

The Duccellier-Bendix-Air Equipment Company, which is controlled by the Bendix Corporation in the United States, announced this morning that it had sold its 51 per cent share in Duccellier to the French group Ferodo.

Lucas, which already owned 49 per cent of the Duccellier, had a right of preemption on the Bendix shares and had offered £120m (£13.3m) for them. The 49 per cent is owned by Lucas France SA, the French subsidiary of the British group, whose struggle to obtain the rest of the shares goes back to the beginning of the year.

As a result of this morning's deal, Ferodo, the leading French maker of autoelectrical equipment, becomes second only to Bosch of West Germany in this field in Europe. Ferodo had the same ambition as Lucas, and last year got control of the Cibe, Marshall and Paris-Rhone companies, which make headlamps, spark plugs, alternators and small electrical components.

In addition to this competition, Lucas faced months of stalling by the French Government, which refused to authorise its purchase of the Bendix holding.

When Peugeot-Citroen announced it was taking over Chrysler's European operations, including Chrysler UK, there was talk that a bargain might be struck between British and French auto-makers to get Duccellier, but it did not come off.

It seems that Lucas, despairing of ever being able to pull off the deal in the face of the French Government's stalling, withdrew its candidature, thus making the Ferodo takeover possible. The question now is whether it will wait to contain a minority 49 per cent holder.

Price Commission investigation called off as Marley abandons plan to increase tile prices

By Derek Harris

Marley Tile, part of the Marley group and market leader in its sector, has abandoned a planned price rise of an average 4.5 per cent on concrete roof tiles and fittings following the Price Commission's decision last week to investigate.

Marley group, chaired by Mr Owen Aisher, is the first company to withdraw at such a late stage. But in the past year there have been around 100 companies which have either withdrawn proposed price rises or modified them before the commission actually announced an investigation.

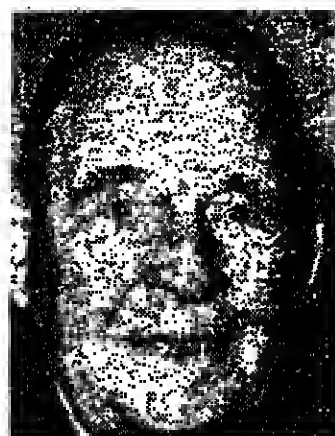
It was open to the commission to continue with the investigation, but it has decided to cancel it.

Marley raised its roof tile price last April by 6 per cent

and claims that on a list basis it may be operating at some 5 per cent below prices in much of the rest of the sector. But it is difficult to compare prices because of the complex discounting structure.

It looks likely that with the costs of materials having risen considerably since last April, particularly in the case of cement which is the major raw material, Marley will go to the commission again with a fresh price proposal. But the company indicated last night that this was unlikely before January, which means the commission's action will have effectively frozen Marley's tile prices for at least three months.

Marley's roof tiles division contributes possibly a third of the profits within the United Kingdom of the Marley group. In the first six months of this



Mr Owen Aisher - year deliveries were 6 per cent up. Undertakings switch: Monitor-

ing of undertakings by some companies following Monopolies and Mergers Commission investigations is to be switched from the Office of Fair Trading to the Price Commission. Five companies are involved where monitoring primarily is of prices and profits, it was announced last night by Mr Roy Hattersley, Secretary of State for Prices and Consumer Protection.

Powers to switch this form of monitoring, thought to be more appropriate to Price Commission procedure, were taken last year when the new Price Commission was set up. There have since been suggestions, in the review of competition policy still going on, that the Price Commission and Monopolies Commission might eventually be merged with some adjustments of the role of the OFT.

The 'China touch' inspires Germans

News from Communist China has helped give an unexpected boost to West Germany's stock exchanges.

Over the past week, the share markets, as measured by the Frankfurt Allgemeine Zeitung Index, have advanced to highs for the year. Yesterday's index reading of 65.53 was only a fraction below the postwar high of 28.67 recorded nearly nine years ago.

Although more optimistic forecasts about the German economy from the Federal Bank and the IFO economic research institute have improved sentiment, many observers were expecting a period of consolidation to result from profit-taking by institutions following the steady rise in share prices since May.

Instead the news that China is preparing to award West German companies contracts worth Dm8,000m to modernize its coal industry has given the markets a new impetus and enriched their vocabulary by creating a whole new category of share—those with the "China touch".

Although it will probably take many months before the framework agreements reached in Peking last week between a visiting German delegation and the Chinese authorities are translated into contracts, the prospect of increased trade between the two countries has fired the imagination of German bankers and businessmen.

Even before last week's announcement, a senior bank economist in Frankfurt described China as one of the future "supporters" of the German economy. German businessmen feel that they should be able to profit handsomely from China's ambitious plans for industrialization.

According to the West Berlin-based economic research institute (DIW) industrial production in China should rise by more than 10 per cent a year to 1958 with volume investments in the next eight years matching those made since 1950. The institute has reported that China plans to build up 14 centres of heavy industry by the middle of the next decade.

Around 120 large scale projects are planned including the construction of 10 steel works, 30 power stations, six long-distance railways and five ports and the development of eight coal and 19 metal mines and 10 new oil and gas fields.

At first sight Europe might appear ill placed to benefit from this planned leap forward. But the framework agreement reached with the Germans provides for financing through long-term bank credits.

By abandoning their aversion to debt, the Chinese have opened the way for Europe to participate on a substantial scale in at least the first stage of their industrialization programme. German bankers believe that if the Chinese can now build up their export industry, prospects are good for a longer term trade partnership with Western Europe.

Peter Norman

MF pledges fairness over loans

David Blake
Washington, Sept 28
Jacques de Larosiere, managing director of the International Monetary Fund, today pledged himself to ensuring that "fairness of economic policy" operated evenly between rich and deficit countries.

But he conceded that in dealing with surplus countries the Fund would have to rely largely on its "moral authority".

The only example he gave of the sanctions involved withholding the right to borrow money from the Fund, which would not be a problem for a country in surplus.

Mr de Larosiere was summing up at the end of an IMF meeting in Washington which he said had been a "very important" one.

These were the increase in votes and Special Drawing Rights aimed at underlining the

Fund's significance in the world monetary system; the extra resources which would enable it to do more to provide bridging help to countries with payments problems; and consensus on the world economic strategy.

He pointed out that before the meeting there had been some doubts expressed over whether agreement on an increase in quotas and SDRs was possible.

While not having shared these doubts, he said that the decision to approve the increase had important "political content". It showed that the IMF remained vital in the money system.

There have been recent worries that European countries might be less interested in leading money to the IMF once they set up a European monetary system.

In explaining the IMF's attitude to providing bridging finance, Mr de Larosiere said he felt that much criticism directed against the Fund came because too many countries left it too late before applying for aid.

Having postponed necessary measures they then found it inevitable that they should take "more stringent" action than if they had gone to the Fund earlier. It was not fair to blame the severity of the measures on the Fund.

The IMF has been keen for some time to encourage countries to come early to discuss problems. Because of the easy availability of condition-free commercial bank lending many countries prefer to fund their deficits through the Euro-market rather than ask the IMF for help.

First-half results from Vickers show how serious the nationalization of its shipbuilding and aircraft interests are proving to profits.

Pre-tax profits in the half-year to the end of June had dropped from £18.1m to only £5.2m, and the group has decided to pay only a maintained dividend of 5.75p a share gross.

The group reports no further progress on the nationalization of its shipbuilding and aircraft interests. Payment on account so far amounts to only £10.1m although outside hopes are now pinned in the region of £125m or more. The shares dropped 6p yesterday to 188p.

Finance competition, largely from COMECOM countries in the West European tyre market, depressed Dunlop Holdings' profits in the first half of the year. Profits were down by a third at £22m, and while Britain's largest tyre group reported a 9 per cent increase in sales, volume sales were little changed.

Financial Editor, page 21

Both sides at Vauxhall agree to further talks

By R. W. Shakespeare

Non-Union Industrial Correspondent

Union negotiators from Vauxhall Motors' plants at Luton, Dunstable and Ellesmere Port on Merseyside reported to shop stewards yesterday on the company's reply to their latest pay claim.

Vauxhall's proposals, which are broadly in line with the rest of the car industry, include a 5 per cent pay increase, have already been turned down by the trade union side of the company's joint negotiating committee, but—unlike the situation at Ford—the door has been left open by both sides for further talks next Thursday.

The key to whether all or any of Vauxhall's 26,000 shop-floor workers will be ready to follow the Ford men into an all-out battle against pay restraint will come at the first of a series of plant meetings, to be attended by 3,000 transport and General Workers' Union assembly line men at the Ellesmere Port plant early this morning.

Yesterday Vauxhall management released details of the company's 5 per cent pay offer, which do not seem to have been framed in quite such specific terms as those at Ford.

The unions were certainly pressing for an increase well above the 5 per cent ceiling, along with a reduction in working hours, longer holidays and other improved conditions.

The company's reply appears to have ignored all of the cash aspects of the claim, although it does attempt to cover one very crucial, and potentially explosive area by proposing a new craft grade for skilled workers.

After offering to consolidate current productivity and supplementary payments into basic rates, Vauxhall proposes a self-financing productivity scheme which it claims could substantially increase earnings.

The company points out that over the past 20 months it has recruited some 4,600 new workers and it says that the productivity plan is designed to bring output levels up to those for which the plants are now manned.

There were signs yesterday that some stewards favour a waiting game, with the national negotiators keeping their options open until the outcome of the Ford challenge is known. In this way Vauxhall men could stay at work at least until the Ford men have set them a positive target to go for.

Nigeria to tighten controls on imports

By David Hewson

Trade officials expect Nigeria, which is Britain's ninth largest export market, to impose a series of wide-ranging import controls shortly.

A number of measures limiting or banning the import of some luxury goods will come into force on Sunday. But they are thought to be a forerunner to major import controls considered necessary because of Nigeria's worsening economy.

Last year, 3.2 per cent of Britain's exports went to Nigeria, earning more than £1,000m. Exports have increased progressively over the country's boom during the last 10 years; in 1967 it only ranked as Britain's 22nd largest export market.

Nigeria's oil earnings, however, have fallen recently, partly because the type of oil it has been producing has been similar to that from the North Sea. Earlier this year, the government felt forced to introduce some import controls only five months after it had boasted the largest international trade fair ever organised in Africa.

The latest measures are expected to have most effect in Britain on clothing manufacturers. Licences will also be needed for furnishings, luxury goods such as watches, and cameras and a total ban is being placed on the import of precious stones, spirits, and greeting cards.

Liquichimica SpA said yesterday it was closing all its plants immediately, putting over 3,000 employees out of work, union sources said. The chemical workers union said it had sent a telegram to the Government calling for the immediate appointment of a special administrator to take over the crisis-stricken chemicals group. Signor Carlo Donat Cattin, Industry Minister, will meet representatives from Liquichimica, unions and banks today to discuss what action to take.

Peter Norman

Swiss confirm plans to halt rise in currency

Mr Fitz Leuwiler, Swiss National Bank President, confirmed in a speech on Wednesday night that his country intends to take action to halt the rise of the Swiss franc. Measures are expected to be announced next week.

Mr Leuwiler said in a speech to the American Swiss Association that the Central Bank intends to act "domestically and internationally" to remedy "conditions" that threaten deterioration of the Swiss economy.

"I have reasons to believe that multinational firms and other holders of large asset portfolios have systematically substituted Swiss francs for dollar assets," he said. "The flight of dollars into Swiss francs on the part of institutional investors has probably been the principal force behind the drastic jump in the exchange rate between the two currencies."

Mr Leuwiler said the franc was "grossly overvalued" against the dollar and "even more important for our economy, against the West German mark."

Caroline Atkinson writes: A mixed bag of the currency markets left the dollar higher against the Swiss franc and lower against the German mark yesterday. The dollar picked up against most currencies early in the day as dealers reacted further to the improved US trade figures on Wednesday.

The Swiss National Bank was thought to have intervened in the markets to push up the dollar when it began to recover anyway on commercial demand.

The dollar was unable to hold on in its early gains and slipped back to some extent against all currencies by the close. It finished at a new record low against the German mark of DM1.9395 to the dollar.

Sterling rose by a net 25 points on the day against the dollar to close at \$1.973. The pound's effective rate index, measured against a basket of currencies rose by 0.1 to 62.7 per cent of its end 1971 value.

After touching a low for the day in dollar terms of \$1.952, the Swiss franc closed at 1.516, a loss of 2 centimes against the dollar.

Government clears Chrysler deal

Continued from page 1

There was every prospect of a successful future with one of the strongest car companies in Europe.

He claimed the heads of agreement signed by all parties would generally mean that Peugeot-Citroen will take over all of Chrysler Corporation's obligations to Britain.

The provisional agreement, which precedes formal contractual changes relating to loans and securities (not needing Parliamentary consent apparently), lays down that there will be a transitional period during which Chrysler Corporation and the French will be jointly and severally liable for guarantees, and borrowings up to October

31, 1980. This protects several substantial bank and Government loans, secured at present on American as well as British assets of Chrysler.

Last night, however, unions were saying the Government had failed to secure an equity holding in the expanded Peugeot-Citroen concern, or to get a Government nominee in the boardroom of the French company. When British officials apparently tried to secure a Government interest but this was firmly rejected by the French, who were also not prepared to give "water tight" guarantees about Chrysler UK's future.

The Declaration of Intent signed by the French company, promises that the United Kingdom operations will be treated the same as other Peugeot-Citroen companies, with equal consideration in terms of use of facilities, including design and engineering and the Linwood plant.

Assurances are offered that plans for a four-door derivative of the Chrysler Alpine will be implemented at Ryton and modern programmes will take account of the need to replace Avenger and Sunbeam production at Linwood with models offering a clear prospect of using capacity to the fullest.

The French promise to do their best to ensure that Chrysler-Iranian contract for knocked-down kits for local assembly is protected.

Text of declaration, page 20

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Text of declaration, page 20

How the markets moved

Rises		Falls	
BP	2p to 896p	ANZ Grp	11p to 332p
Bambergers	4p to 84p	Cowie T	5p to 43p
Bowring	5p to 122p	Campari	9p to 120p
Borwick T	2p to 64p	Deco	10p to 445p
Borwick T	2p to 64p	Electronics	10p to 595p
East Dags	2p to 25p	Pisons	5p to 347p
Hays Wharf	4p to 130p	GKN	4p to 274p

THE POUND	
Australia \$	1.77
Austria Sch	29.00
Belgium Fr	65.50
Canada \$	2.39
Denmark Kr	10.97
Finland Mk	8.25
France Fr	8.38
Germany Dm	4.00
Greece Dr	73.25
Hongkong \$	9.60
Italy Lit	167.00
Japan Yen	355.00
Netherlands Gld	4.33
Norway Kr	10.51
Portugal Esc	95.50
S Africa R	2.25
Spain Pes	149.00
Sweden Kr	9.02
Switzerland Fr	3.12
US \$	2.02
Yugoslavia Dnr	41.50

Mr Carter fails to win confidence of bankers

From Frank Vogel
Washington, Sept 28
President Carter, who has made determined efforts in the past few days to convince people that he will take tough actions to curb inflation, has now undermined his credibility with bankers once again by declaring that he would be opposed to further rises in interest rates.

Irrespective of the toughness of the President's forthcoming measures on fiscal policies and wages, there is no doubt that bankers believe that

further steps to slow money supply growth will be essential. President Carter stated: "I think interest rates are too high and I would certainly hate to see them go any higher."

The President told a group of American journalists that his anti-inflation programme, which he said would be announced in the next week or two, would be "very strong".

It now seems possible that he may use his veto powers on several major pieces of Congressional legislation, justifying his actions in terms of the need to combat inflation.

On other pages

Business Appointments 22
Appointments vacant 11, 18, 25
Wall Street
Bank Base Rates Table 25
Annual Statements
Bwater Shellbear 25

Sime Darby 23
Preliminary Announcement: Callford Brindley 24
Interim Statements: C. T. Bowring 21
George Wimpey 19
Ready Mixed Concrete 20
Vickers 24
Prospectus: West Kent Water Company 23

WIMPEY Interim Statement

	6 months to 30.6.78	6 months to 30.6.77	Year 1977
	£m	£m	£m
Operating Profit (including share of Associates' results)	18.5	19.0	56.8
Interest payable (net)	4.0	1.5	5.4
Profit before Taxation	14.5	17.5	51.4
Taxation	7.3	8.8	26.7
Profit after Taxation	7.2	8.7	24.7
Attributable minority losses (profits)	(0.1)	(0.3)	0.7
Net Profit after Taxation attributable to the Group	7.1	8.4	25.4

The Chairman, Mr. R. B. Smith, states:

"The value of work carried out during the first half of 1978 increased by 20% to £408m, compared with £338m for the corresponding period in 1977. The greater part of the increase relates to the UK, where sales of private houses have been at a very satisfactory level and construction volumes have increased; overseas the rate of expansion has slowed somewhat (reflecting increased competitive pressures in certain areas) but is nevertheless encouraging.

shown in the figures to be reported this year. As always in the industry, results of a single short period are of limited significance, and the profit in the second half of the year should be substantially higher than in the first half.

The increase in interest costs is attributable to further expansion in North America and in property interests in the UK and overseas."

George Wimpey & Co. Limited,
Hammersmith Grove,
London W6 7EN.

Third heavy blow to IBM as British Airways awards Amdahl £7m computer contract

By Kenneth Owen
Technology Correspondent

British Airways, probably the most advanced airline in the world in its use of IBM-based computer systems, yesterday dealt its third major blow to IBM in recent years by rejecting that company's computers in favour of Amdahl for its next generation of main central systems.

Amdahl, a relatively young American company, has grown rapidly over the past few years by selling large computers more efficient than IBM's but which run on the same programs. Thus it is easy for IBM users to switch over without reprogramming.

British Airways, needing

more capacity in its main computers at Heathrow and in West London, yesterday ordered four Amdahl 470 computers worth more than £7m.

IBM has suffered a similar loss of face, and business, twice before as a result of British Airways' quest for the most cost-effective systems. First the airline ordered IBM-compatible peripheral equipment and additional memory devices from other companies. Next, in 1976, it went further and took away its computer maintenance contract from IBM and awarded it to Data Processing Customer Engineering (DPCE), then a relatively unknown Australian company.

At Heathrow, two Amdahl machines will take over from two IBM 370/168s the "real-

time" BAES system for seat reservations, fare quotations and ticketing, hotel reservations, departure control, message switching and flight planning.

At West London, the other two Amdahls will replace two IBM 360/65s on work which includes the airline's flight information and control of operations (FICO) and defect information (DISC) systems. These are used on a real-time (immediate-response) basis also. The new computers here will also handle the bureau seat-reservation services British Airways provides for other airlines.

The IBM 168s will be turned over the other work at Heathrow, including the airline's expanding engineering information

and control systems, and a variety of financial, statistical and other batch-processing jobs. They will take over from three IBM 360/65s.

The £7m contract was signed yesterday at Heathrow by Mr Peter Hermon, British Airways' management services director, and Dr Gene Amdahl, chairman of Amdahl Corporation. Mr Hermon said the Amdahl systems had been chosen because they offered more performance at less cost. The saving compared with IBM equipment was at least £1m.

For Amdahl, the contract represents the largest single order ever received outside the United States. The new computers will be maintained by DPCE as part of their hardware service to the airline.

Declaration of intent by Peugeot on takeover

This is the text of the declaration of intent by Peugeot-Citroën concerning its takeover of Chrysler United Kingdom.

Her Majesty's Government (HMG) and PSA Peugeot-Citroën (PSA) have reached agreement on the broad terms on which PSA and HMG will co-operate to strengthen the position of Chrysler United Kingdom Ltd (CUK), in the world automotive markets, so as to maximize the opportunities for growth of CUK in the mutual interest of the United Kingdom economy and PSA, and for the benefit of CUK's employees, dealers and customers.

Effectively PSA will take over all Chrysler Corporation (CC) present obligations vis-à-vis CUK and HMG; these include all CC's obligations under the Agreement between HMG, CC and CUK dated January 5, 1976, as subsequently amended, and those accepted by CC following the June 1978 review of CUK's long-term strategy.

These terms will be embodied in a new Agreement which will replace the Agreement between HMG, CC and CUK on the date on which PSA assumes effective control of all CC's principal operations in Europe.

To reaching this agreement, PSA stated its intentions to relation to the long-term future of CUK as follows:

1. That CUK will be viewed by PSA in the same manner and in all respects as a part with other companies in the PSA group and that it will play an important and expanding role within the PSA group, in particular PSA will seek to ensure that CUK utilizes all the facilities of CUK including design and engineering facilities in both the car and commercial vehicles fields, and to ensure co-ordination with other facilities in the PSA group in terms of investment and product allocation.

2. That CUK will continue to work with PSA employees on the basis of employee participation to improve its productivity and long-term performance in order to ensure that CUK's financial strength and profitability, and to ensure its future as a viable contributor to the United Kingdom economy.

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LETTERS TO THE EDITOR

Holiday airline explains problem during air controllers' strike

The main arteries of holiday flights overfly France and the French dispute has been like a tourniquet on those arteries: not only limiting (at times stopping) the flow of aircraft to the holiday resorts, but also preventing aircraft already there from returning so that the cycle of flights can continue. Because of the geographical situation of France and because French airspace extends right into the Bay of Biscay and southwards over the Mediterranean towards Algeria, the ability of airlines to avoid the problem was very limited indeed. Because the dispute occurred during the busy period, there was very little spare aircraft capacity available anywhere.

We flew as many flights as was possible over the Bay of Biscay (on one weekend no fewer than 52 flights followed this route), we flew our aircraft faster (incurring high fuel charges) and we sub-chartered aircraft from as far afield as Finland, Holland, United States, Switzerland and Ghana.

Departures even sought sub-characters from Russia! So far the additional net cost incurred is approximately £500,000 (entirely in case the problems of the dispute).

Britannia Airways operates

Boeing 737 aircraft—the type operated by many scheduled airlines and re-ordered by British Airways. Boeing 737 is ideally suited for holiday flights over Europe and North Africa. We continue to purchase new aircraft from Boeing, which was built and equipped in type of routes which is more modern and suited than comparable aircraft operated by many airlines over similar routes.

Although the ATC has hit us very badly, we have suffered severe problems have not caused by any unwilling inability to spend money because our aircraft are way inferior to comparable craft operating scheduled routes. We regret very much that these days have occurred and we are very sorry for many affected passengers. Nevertheless, we hope this letter will help reassure passengers who have been worried by the current media reports.

Yours faithfully,
D. H. DAVIDSON,
Britannia Airways,
Luton Airport,
Bedfordshire LU2 9ND
September 22.

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D. H. DAVIDSON,
Britannia Airways,
Luton Airport,
Bedfordshire LU2 9ND
September 22.

Management Institute conference

Skilled workers' pay margins widening

By Donald MacIntyre

The continued erosion of skilled workers' wage differentials—a serious source of complaint against incomes policy—appears to have been halted in the engineering field, according to figures compiled by the Engineering Employers' Federation (EEF). Indications are that they are slowly widening again.

Results of a survey by the federation were given yesterday to a conference organized by the British Institute of Management, at which Government pay policy was severely criticized in several quarters, including the EEF, which expects a sharp rise in self-financing productivity deals this year.

Another critic was Mr Ray Buckton, general secretary of the Associated Society of Locomotive Engineers and Firemen. He said: "I appeal to the Government to take off the strait-jacket which has been placed on the country and its people at large are exposed to excessive pressures by organized labour which cannot be trusted—even by the unions themselves—to be exercised responsibly."

There was some comfort for the Government, however, both in the figures about differentials and in Mr Frodsham's assertion to the conference that there was a "general impression" that the majority of productivity deals were being "mainly genuine and successful."

He made it clear he expected such deals to show a sharp increase this year. He guessed that half the significant engineering companies in the Midlands he dealt with were planning to make such payments.

had been 45 per cent, fell during the year preceding Phase One pay policy to 26.53 per cent.

During Phase One and Two they fell to 25.93 per cent on average; during Phase Three they recovered to 28.51 per cent. Mr Frodsham said a further survey of 40 Midlands factories suggested the decline "will probably have been reversed under Phase Three."

However, he said that in one company pay policy had been so rigid that skilled foundry men, paid strictly according to pay policy, were earning £80 per week while unskilled were earning £100 and semi-skilled £130 because their pay was "effort related" and "unrestrained by pay policies."

Mr Frodsham said the employers assumed no responsibility for any of the phases of pay policy, and pay cuts had been necessary "simply because our economy and the people at large are exposed to excessive pressures by organized labour which cannot be trusted—even by the unions themselves—to be exercised responsibly."

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Ulster calls for mainland power link

Construction of a £60m, 500-megawatt undersea electricity connector to link the British and Northern Ireland grids was recommended yesterday by the Northern Ireland Economic Council in a report on energy policy for the province.

There was "a very good prospect" that such a connector would be financed by the EEC through the Regional Development Fund or the European Investment Bank, and it would help to overcome Northern Ireland's "dangerous" over-dependence on oil for electricity supplies, the council said.

Its fundamental recommendation to the Government was that energy costs in Northern Ireland should become, and remain, broadly comparable to those in Britain. It recommended the financial integration of the Northern Ireland Electricity Board with the nationalized industry in Britain.

Consumers in the province would thus benefit from a common bulk tariff which reflected the pooling of costs.

The report criticized the way in which Ulster has been excluded from the benefits of North Sea natural gas, arguing that resources were a national asset to which all parts of the United Kingdom had title.

Northern Ireland gas prices were nearly as high as those in Britain, and the province had received none of the cross-subsidy enjoyed by other peripheral regions in Britain connected to the national gas grid.

Go-ahead for register

The Insurance Brokers Registration Council, which was set up last year to oversee broking activities in the United Kingdom, has now received Whitehall authority to open and publish its register of firms.

Provisions for the registration of suitably qualified insurance brokers and for a code of conduct are contained in the Insurance Brokers (Registration) Act 1977, which was published by the Department of Trade yesterday.

Under the Act only those firms who have registered with the council will be able to use the title of Insurance Broker.

Cooperative study

The feasibility of setting up a workers' cooperative with more than 300 engineering workers made redundant from the David Brown Gears foundry at Penistone, near Barnsley, Yorkshire, is being explored by Barnsley borough council, the Cooperative Bank and the Amalgamated Union of Engineering Workers.

The idea was suggested by Mr Allen McKay, who was recently elected Labour MP for Penistone following the death of Mr John Mendelson. Mr McKay is a former member of Barnsley council.

Apex takes action on cutting unemployment

Local officials of the Association of Professional, Executive, Clerical and Computer Staff (Apex) are being urged by the union to negotiate reduced overtime, shorter working hours and longer holidays in an effort to help fight unemployment.

They are regulated to ask their employers five questions about their future plans for recruitment, training and manpower levels. The idea is put forward in a 28-page booklet, 3,000 of which are being distributed to members.

Price rises slow down

Consumer prices in the EEC rose an average of 0.4 per cent in August over July, the lowest monthly increase so far in 1978, the EEC statistics office reported yesterday. The preliminary index for August was 133.1 (1975=100), compared with 132.6 in July.

Monthly rises so far this year have ranged from 0.5 per cent to 0.9 per cent, Eurostat tables showed. The August index was 7.3 higher than for the corresponding month last year, when the EEC overall consumer price index stood at 124.0.

Mysterious motives of tax office

From Mr A. E. Schur

Sir, For a few years before retiring in 1969, I was appointed a director of a company, possibly because of many years' experience in two relevant fields, as a nominee of its parent company, by whom I was employed. (I might, perhaps, be regarded as having been a working director, if it is not less majestic to so describe one who was not a trade union appointee.)

A month or two ago, I received from a Portsmouth Inspector of Taxes a notice of coding for 1978-79 relating to my employment by the subsidiary. There was either a silly mistake or something odd was afoot, and I entered into a correspondence which may have given me more amusement than the inspector. He asked at what tax office I submitted my annual returns (I had already indicated what and where the office was); then whether I was still a director and, if not, when I left (I had already told him my connection was severed when I retired from the parent company in 1969 and, in any case, his copies of the subsidiary's accounts would have shown that, since that year, my name has not been included among its directors). He wanted the information so as to pass it on to my usual tax office.

What was the underlying purpose of all this, I wondered. The Inland Revenue, so far as I am aware, can reopen tax matters more than six years old, but only if there is reason to suspect that the taxpayer has defrauded them. Accordingly, in my last letter to the Portsmouth inspector, I asked what grounds he had for suspecting that I had not properly completed past returns and if he could not or would not answer that, what was his statutory authority for pursuing me in inquiries so long after retirement. He thereupon dropped the matter. Have tax inspectors been instructed to regard anyone who is or has ever been a company director as more likely to be a tax dodger than the average individual?

Yours faithfully,
A. E. SCHUR,
40 Burwood Avenue,
Pinner,
Middlesex HA5 2RZ
September 24

Turkey reacts sharply to textile restrictions

From Mr D. J. Walsom

Sir, Your readers will no doubt be interested to learn of the reactions that this organization has received from prominent customers in Turkey. This follows recent quota restrictions on textile imports to the United Kingdom.

There are many organizations such as ours which exist by exporting capital machinery. Such organizations play an essential part in the economy of the United Kingdom.

In this particular situation we have been advised that Turkey has exceeded its total 1978 quota allocation to the period January to July. This in itself sounds serious unless one examines the figures. In 1977, 1976, 3240 tonnes; 1977, 3202 tonnes; 1978, 3772 tonnes.

Everyone will appreciate that the value of the yarn that is involved is small against the total textile activity. It is true to say that this firm alone has inquiries having a potential order value in excess of the value of the total yarn import in 1978. In addition, we have

exported to Turkey equipment worth many millions in the past.

In addition to this, there is the export of equipment from other Turkish machinery firms to Turkey; the overall effect is or is not a hammer of a walnut, as a result of this great moral action, we have advised that imports of textile machinery from the U.K. should be limited to the local textile union. It is in spite of the fact that international competition, equipment was acknowledged to be superior on both and specification.

We must all remember international trade is a way business and any country which may be judged or any should be carefully minded, having borne all the factors in mind.

Yours faithfully,
D. J. WALSON,
Managing Director,
Samuel Pegg & Son,
Barkby Road,
Leicester, LE4 7LP.

Effect of opencast mining

From Mr Robert Johnson

Sir, I read with amazement in your issue of September 12, 1978, the statement in a letter from the chairman of the Opencast Executive, National Coal Board, that after opencasting "there is no question that in the longer term most of the land is improved". Where is the evidence to justify this sweeping assumption which seems to be pure propaganda designed to allay public misgivings about the consequences of opencast mining?

The crux of the matter is that permanent damage is being done to productive land by opencast mining for short term gain by the Coal Board.

Expert evidence by a soil specialist proved this at the Whittonstall, Northumberland, inquiry last year. Two specimens of soil to depths of three feet were exhibited to the inspector. They came from the Bay's Leap Farm site at Heddon-on-the-Wall, which was returned to "agriculture" after opencasting more than 10 years ago. The specimen was taken from undisturbed land just off the perimeter of the site and showed healthy root development three feet down into the boulder clay.

Other came from the rest land and showed feeble growth of a few inches stop at the level of a gritty glomeration which was incapable of supporting plant life. Natural fertility of this soil had been destroyed for evermore. Bearing in mind that up to 1,700,000 acres of land in United Kingdom is expected to be lost to agriculture by 1 that we have to import 46 per cent of our food, and that estimated that demand for will be about 20 per cent higher by the end of the century, surely it is unimprovident to allow the p less blessing of productive to be wasted by the irresponsible ambitions of the Open Executive.

If we neglect to preserve inheritance for future generations, history will condemn for being short sighted selfish.

Yours faithfully,
ROBERT JOHNSON,
Hon Treasurer,
Tyndale Opencast Prevention Organisation,
Apperley Road,
Stockfield,
September 26.

Income tax paid by taxi drivers

From Mr Montague Calman

Sir, Do taxi cab drivers pay adequate income tax on their tips and does the Inland Revenue check on the actual day's takings as compared with the amounts declared on the tax forms?

We hear of alleged harassment of small traders, and their wives by the tax men, but one wonders whether anyone has ever noticed that despite the repeated cries of impoverishment from taxicab drivers the central London streets are often filled with learner newcomers for the trade!

Yours truly
MONTAGUE CALMAN
1E Cavendish Place,
Westminster, London, W1
1NP
September 19.

Mr David Bassett: fighting a social crisis

Oil revenue needed to create jobs

By Melvyn Westlake

A policy combining both work-sharing and the use of North Sea oil and gas revenues to directly stimulate jobs is urged this morning by one of Britain's most influential trade union leaders to deal with the long-term unemployment problem.

Mr David Bassett, general secretary of the General and Municipal Workers' Union and vice-chairman of the TUC, argues that the problem of generating sufficient employment is a chronic one within the western world. It constituted a long-term social crisis which had been seriously underestimated.

In an article in the quarterly *Lloyds Bank Review*, he suggests that overall employment in Britain fell in the decade to 1976.

The economic system as a whole was generating demand for labour 13 per cent below what it was in the middle 1960s, according to Mr Bassett's figures. Moreover, most studies suggested that unemployment would rise much more in coming years.

But because of the windfall of the North Sea oil revenues, Britain had a good opportunity to alleviate, or at least offset, the reduction in employment opportunities.

He rejects the idea of using oil revenues to generate large amounts of foreign debt or to build up overseas investment.

Neither were large tax cuts seen as an adequate use of oil revenues. Instead he advocates direct government investment and current spending on public services.

This strategy alone would not create all the jobs that would be needed. Work-sharing would also be necessary. But Mr Bassett argues against "self-financing" forms of work-sharing as required by the Government. This would not create jobs, and would thus defeat the object.

Trade unions accept that work-sharing would be costly, Mr Bassett says, but he maintains that high unemployment is a still heavier burden on the economy. North Sea oil money would also help pay for reductions in the working week.

With effect from 31st October 1978, Bankers Trust Company will close its branch at 34 Grosvenor Square, London W1, and transfer all accounts maintained at that branch to its main London office located at 9 Queen Victoria Street, London EC4P 4DB.

Account enquiries should be directed to Mr Michael Eggerdon, telephone number (01) 236 5030.



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lightweight re-inforced panels and blocks

builders' merchants

coloured mortars

coated stone and surfacing contractors

aviation

plant sales

but also

INTERIM RESULTS

For the 6 months ended 30th June 1978

	First 6 months 1978	First 6 months 1977	Full Year 1977
Turnover	£293,778	£265,154	£547,103
Operating profit:			
United Kingdom	9,972	8,938	18,184
West Germany	2,595	2,302	7,448
Other countries	2,672	2,490	4,780
	15,239	13,730	30,412
Profit on disposals of properties	201	93	532
Associated companies	238	419	857
Interest	(1,527)	(2,220)	(3,496)
Profit before taxation	14,151	12,022	28,315
Taxation	(7,290)	(6,139)	(13,836)
Outside shareholders interests	(1,211)	(924)	(2,975)
Earnings	£5,650	£4,959	£11,504
Dividends per share	2.79p	2.5p	5.77p

THE RMC GROUP

Ready Mixed Concrete Limited,
RMC House, High Street,
Feltham, Middlesex TW13 4HA.

BY THE FINANCIAL EDITOR

Dunlop suffers in Europe

Dunlop's interim results are predictably had. tripartite profits after a near-60 per cent charge have been halved to £5m, enough to leave a maintained interim dividend of a half pence but not enough to allay fears that a half pence is a radical and early improvement in the European tyre business. Dunlop, like others, could be forced into taking some fundamental decisions about tyre making capacity in the future. It is losing money on tyres in Britain, France and Germany and screaming loudly out the root cause—vicious price competition in Europe, mostly from Cnecon countries. Action has been demanded by European majors, including Dunlop, from EEC authorities over imports into Europe at prices which can hardly cover manufacturing costs.

Vickers does not have to go to arbitration over BAC, that will be the best news for the shares in a long while.

Vickers still will not be drawn on what it is expecting from compensation but, drawing a line through Hawker, hopes have been pitched at £100m or more for the BAC half-interest and another £25m for the less contentious shipbuilding side. Unfortunately the hectic pace of expansion at the group in recent years means that the balance sheet, with gearing of more than two thirds, will swallow up a sizeable chunk of the proceeds rather than leave funds available for new investment.

As it is, that expansion is not yet showing through at the trading level. The engineering division has apparently done better, although how much is accounted for by loss elimination at Scotwood is not disclosed, while office equipment has benefited from last year's rationalization.

The black spot continues to be offshore engineering where losses are going from bad to worse due to the slowdown in North Sea activity and intense competition. Last year the loss was £2.8m and so far this year it has increased to £3m with a similar amount likely in the second half despite remedial action. Overseas, Australia and Canada have been having a hard time with profits down by around £1m.

All this is being felt in financial terms, and nothing is left of retained profits to prevent a cash outflow to fund the already pared-down capital spending programme and rising working capital needs. Not surprisingly Vickers is paying only a maintained dividend with cover assuming £13m pre-tax this year of under one and a half times. Until compensation actually comes through a yield of 7.8 per cent does not make up for the uncertainties.

Insurance broking

Bowring moves, Howden considers...

Simultaneous profits news from C. T. Bowring and Alexander Howden provide widely different views of present conditions in international insurance broking.

Bowring with interim profits up 27 per cent to £19m has fared rather better than the market expected, while Alexander Howden, with an 11 per cent jump to £11.5m, appears not to have lived up to best hopes.

This disparity, however, is due to special factors while the common thread is that both groups estimate that brokerage growth slowed to 15 to 17 per cent in the first half reflecting patchy rating conditions, particularly in marine business where Howden is particularly exposed, and the pressure on revenue of a firmer pound.

Outside broking, Bowring's growth has come from better returns on underwriting and a particularly strong contribution from Bowmaker, which was boosted by lower interest rates in the first-half. Shipping continues to be a serious drain but with two further disposals this year and Bowring's fleet reduced to three ships, overall losses will not be significantly above last year's £200,000.

In the second half Bowring could see slower growth particularly with higher interest rates eating into Bowmaker's margins while Howden, with £26m of rights issue proceeds flowing through, should fare rather better.

Interestingly, while Bowring is now exploring a significant transatlantic link-up with Marsh & McLennan, Howden, which claims to have considered similar deals itself, is looking at acquisition possibilities as a means of securing the flow of United States premiums.

Howden's profits could be heading for almost £40m this year against £33m last time while the shares, up 5p to 122p yesterday and offering a p/e ratio of under seven and yield of just over 4 per cent, should start to perform better as the American talks move on.

Howden, though, with profits growth of around 15 per cent to £24.5m in prospect has yet to convince the market that its close integration of broking and underwriting activities will not cause problems in the long run. So the shares, unchanged yesterday at 146p where the p/e ratio is around eight, may continue to underperform despite the attractions of a yield of over 7 per cent.

Frank Vogl

Can Mr Carter cure the dollar?

Washington, September 28.—Optimism reigned among government officials at this week's annual meeting of the International Monetary Fund. But among the private bankers packing their bags to leave Washington today the prevailing mood has been pessimism, even if rubbing shoulders with the officials did, inevitably, have a temporarily uplifting effect as the week wore on.

The pessimism of the financiers is quite solidly based. They note that there are too many dollars floating around the world's markets and argue that there is no hope that the dollar rate will be strengthened or even stabilised until action is taken to reduce American inflation and there is a sharply improving trend in the United States balance of payments.

Over the last 18 months, it is pointed out, the Carter Administration has given no indication of a genuine willingness to act to stem the growth in supply of dollars.

The views of many European bankers have been shaped by influential bankers in the United States and in New York and elsewhere there is barely any confidence in President Carter. Mr. Ellman, Patterson, chairman of Morgan Guaranty Trust Company, said recently: "Although we repeatedly tell ourselves that inflation is our number one economic problem, we

mean officials agree that stabilising the rate for the dollar is made harder by the massive and uncontrolled sums in the Euro-market. There are possibly \$500,000m or more. But agreement emerged among finance ministers, encouraged by bankers, at this week's meeting that the problem cannot be effectively resolved by tinkering on controls. The solution rests in the hands of the United States. Fiscal and monetary discipline in America will attract foreign capital flows and stabilise the Euro-market.

As the week progressed discussion of the dollar's prospects turned more and more to consideration of whether President Carter really has the courage to take firm action over inflation. Some officials were sceptical. Dr. Werner Eisinger, said candidly that he first wants to see the new anti-inflation programme before predicting the dollar's future course.

Many private bankers held lengthy discussions with American government officials and came away somewhat encouraged. So, too did many European government officials. President Carter and his colleagues repeatedly said that they were committed to the reduction of this pledge helped to raise hopes.

Bankers also increasingly came to accept the views of officials that an improvement in the American current account balance of payments is in prospect. Few bankers believed that IMF's forecast of a \$7,500m deficit in 1979 to be realistic, but many did agree that the deficit in 1979 could be a third below this year's projected level of between \$18,000m and \$20,000m.

Some, however, were swift to point out that even a \$10,000m deficit is a large one, adding to global supplies of dollars and so possibly aggravating matters. But most bankers accepted that an improving trend was important in terms of investor confidence in the dollar than the precise total volume of the deficit.

As the bankers prepared to leave Washington they were all quite firm in their view that the foreign exchange markets will be nervous until President Carter announces his anti-inflation programme, possibly within two weeks or so. They seemed unanimous that if the programme is less than adequate, then the results for the dollar will be disastrous.

The political realities have been well understood here. One New York banker summed it up: "The longer we avoid taking painful medicine, the tougher will measures inevitably have to be. The President has to realise that if he doesn't act now, then his opinion poll ratings will plummet."

"He will have to impose wage and price controls, set controls next year and there will be a credit crunch. Believe me, that will all produce a recession and a hopeless 1980 reelection position for Mr Carter."

Government officials at the meeting here sought to "talk up" the dollar and perhaps they succeeded in a modest degree. But, now that the meeting has ended and the bankers are flying home, many of them will still be resolved in their conviction that it is new measures and firm results that really influence investor sentiment—and not bright forecasts from the IMF or the Bundesbank or even the chairman of the IMF's interim committee, the particularly cheerful and optimistic British Chancellor of the Exchequer, Mr Denis Healey.

A fresh assault on the scanner market

No longer the glamour technology of a genuine breakthrough in medical electronics, the X-ray scanner business is now subject to tough and competitive market pressures.

EMI were the pioneers in 1972 with the first computed-tomography (CT) brain scanner; after a rapid advance in the United States the company fell on expensive times as orders dropped off and competing companies caught up.

This week's announcement of five new scanners from EMI marks a significant change in market approach, as well as new technology. Previously, the company had built its medical-electronics reputation and sales on two general purpose machines, the brain scanner and the whole-body scanner. Now the technology has been focused on to five specific types of user and a different solution is offered for each.

The basic principle remains the same, that of rotating an X-ray source round the head or body at a fixed level and detecting the emerging radiation on the other side. Many X-ray views are obtained as the source rotates and, by complicated computer processing based on techniques of radar signal processing, they can be integrated to give a clear cross-sectional picture—a "slice" across the body.

For medical diagnosis the use of CT brain scanners is now accepted as a clinically effective and cost-effective technique and similar evidence is now accumulating for the more recently developed CT whole-body machines.

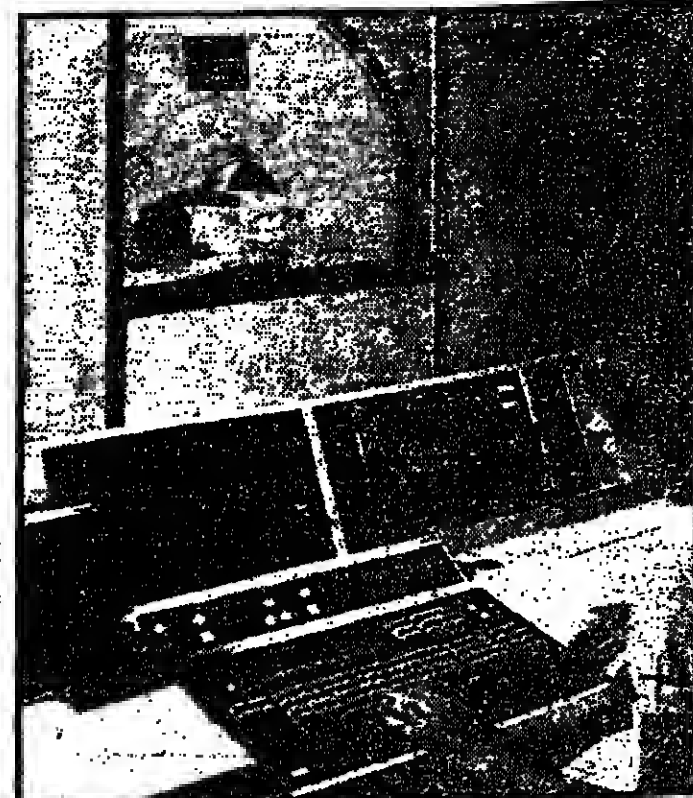
Scanners are being sold worldwide, but the United States was, and is, by far the biggest market. In the early days (1973-76), Sir John Read, EMI chairman, recalled this week, "American customers were lining up with dollars in their pockets" to buy the British machines.

In 1976 the North American market reached a peak of 470 machines sold, of which EMI supplied nearly half. This was followed by a sharp decline in the next two years, mainly as a result of measures to control health care costs introduced by the United States Government.

This affected the entire scanner industry in that country, with sales falling by about 60 per cent from the 1976 level.

But the American scene now looks slightly more hopeful for the scanner companies. Earlier this year Congress rejected constraining legislation in favour of a voluntary scheme for the medical profession and hospitals. This should mean a more flexible approach in deciding whether a particular hospital is granted the necessary Certificate of Need (an authorization from state or federal government) to purchase a CT scanner.

As more companies entered



EMI's new 7020 body-scanner has a two-screen console for control and viewing by the operator.

the scanner business (17 in the United States alone), the competition for the depressed market which gives much clearer and more detailed pictures (to a definition of 0.5mm).

Another combines the diagnostic role of the scanner with a treatment role in planning radiotherapy dosages. This enables the positioning and strength of radiotherapy beams to be determined or adjusted directly from the scanner pictures; it is claimed to be the first of its type in the world.

The fifth machine is a high-performance body scanner in which improved sensors and sensor-movement geometry have resulted in a unique combination of fast scan (three seconds) and high picture quality.

Between them, these machines can now serve the needs of different categories of users such as accident units of general hospitals, with low and sporadic case-load and the need for immediate diagnosis of head injuries; neurological clinics, handling substantial numbers of patients; general hospitals with many patients and wide range of conditions for diagnosis; specialized cancer treatment centres; and research and teaching hospitals carrying out special investigations as well as general diagnosis.

The prices of EMI's new quintet of scanners range from £136,000 (plus metered-usage charges) to £574,000. At the bottom end are two general-purpose machines, one a neurological system covering the head, neck and spine, and the other covering the whole body. Here the aim has been to produce the best all-round performance at the lowest price.

Major innovations in scanner design and use are featured in the other three models. One is

a high-resolution version of the general-purpose machines, which gives much clearer and more detailed pictures (to a definition of 0.5mm).

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Kenneth Owen

The author is The Times Technology Correspondent.

Bowring

Profit announcement for the Half Year ended 30th June, 1978

The unaudited Consolidated Group Profit after convertible loan stock interest for the six months to 30th June, 1978 is £19,071,000 as against £14,951,000 for the six months to June, 1977.

	6 months ended	12 months ended
	£'000	£'000
Turnover	645,020	1,088,091
Consolidated Group Profit	19,071	33,007
Taxation	9,917	16,298
Profit after taxation	9,154	16,709
Minority	269	387
	8,885	16,322
Preference dividend	5	11
Available for Ordinary Shareholders	8,880	16,311

□ All sectors of the Group other than shipping have contributed to the 27% increase in profit before tax for the six months ended 30th June, 1978.

□ Insurance broking profits again increased, in spite of the adverse effect of the weakness of the U.S. dollar, and there was an improved contribution from the underwriting activities. Bowmaker, the credit finance and engineering subsidiary, had an excellent first half year. Merchant banking and trading profits showed improvement. There was a further loss in shipping, but for the year as a whole the operating loss is expected to be less than in 1977. This will be mitigated by exceptional profits.

□ The Directors expect that profits for the year 1978 will show improvement over 1977 but the rate of growth seen in the first half is not expected to continue in the second half of the year.

□ The Directors have resolved to pay an interim dividend of 1.013375p per share for the year ending 31st December, 1978 which together with imputed tax credit amounts to 1.5125p per share (1977 1.375p per share). In addition, arising from the reduction of 1 per cent in the basic rate of income tax since the declaration of the final dividend for 1977, the Directors have resolved to pay a further dividend for the year ended 31st December, 1977 of 0.030899p per share which together with imputed tax credit amounts to 0.046118p per share. This gives a total payment of 1.044274p per share payable on 20th November 1978 to Ordinary Shareholders on the Register on 20th October, 1978. These dividends will absorb £1,086,000 and £33,000 respectively.

C. T. Bowring & Co. Ltd
The Bowring Building, Tower Place, London EC3P 3BE

Business Diary: Chemical wherefore • I know a bank...

Why is that whenever emirs-saries from West Germany, the land of the economic miracle, come among us the tale they tell is of things neither economic nor miraculous?

Yesterday it was the turn of Herbert Grunewald, chairman of the huge chemicals group Bayer AG, and the tidings he brought from Leverkusen were not good. Bayer, he said, had to fight hard for export sales (60 per cent of the company's total) when in seven years the Deutsche mark had been revalued, slowing for inflation, by 47 per cent against the dollar.

The chemical industry, Grunewald went on, used more energy than anyone else, yet Germany had to import oil and her coal is among the world's most expensive. He wants North Sea oil treated as a European rather than a British national asset.

But then he would, wouldn't he?

A couple of hundred former students of Baroness Seear, many of them now making working life in the world, are gathered in the House of Lords tonight to honour their teacher on her retirement from the Readership in Personnel Management at the London School of Economics.

Baroness Seear is the mother of the Sex Discrimination Act on the guru of British personnel management and today is not the last we shall hear of her.

As president of the Institute of Personnel Management she will preside at next month's annual conference in Harrogate. One of the seminars will be on equal opportunity action in the United States and the United Kingdom.

In the October issue of Personnel Management, the IPM journal, she will tick off managers for lack of imagination. In books, pamphlets and speeches, Baroness Seear's approach has always been



Baroness Seear

Stock 'em with the facts: Baroness Seear.

"Stock 'em with the facts." What is now the Sex Discrimination Act would have remained a Bill for many years more had it not been for her constant sniping in the Lords. She shot down the back-

woodsmen and women in both Houses with her astuteness and wit. She is now a job considered unsuitable for a woman in one company was being done by a woman in another.

Were there any justice, the state would be called the Seear Act. Baroness Seear stays on at LSE for a while as part-time director of a German-financed study of discriminatory personnel practices in two banks, one in London and the other in Paris.

Her name will be commemorated at LSE long after that, however, by the establishment of a Seear Fellowship in Personnel Management. This was funded by business—with the notable exception of the banks. Among Baroness Seear's former pupils at tonight's reception is somebody who ought to be able to give her a few pointers. Terry Lyons, personnel director of Williams & Glyn's Bank.

the shop after an amalgam of their names—Malfone, which in Italian means dirty water. The name was soon changed.

Trade picked up only when a thief lobbed a brick through the shop window and made off with most of the stock. The incident was duly reported in the local paper and, such is the power of the pen over the sword (or brick), that the resultant public sympathy ensured that AK and Monty never looked back.

Concern for the safety of their apprentices and the fact that they represent thousands

of pounds worth of company investment, has led Johnson Radley, the engineering division of United Glass, to introduce motor cycle instruction into the apprentices' normal training programme.

Len Grimshaw, training manager at Johnson Radley, which is based at Pudsey, West Yorkshire, said: "One of our youngsters has been killed and over the years others have been injured, some seriously."

"Obviously we are concerned primarily for the safety of the lads but our interest goes much further. Apprentices represent an investment of thousands of pounds and a potential source of skilled labour—something we need to safeguard."

The course, which is practical and theoretical, is seen as a breakthrough in motor cycle training by West Yorkshire county council road safety unit. A spokesman said: "We believe this may be the first time that a company in this country has taken such an initiative. The potential is enormous."

At the Pudsey plant 30 first-year apprentices will be taking the course which will lead to the RAC/Auto Cycle Union motor cycling test. The company view is that they have a responsibility to their apprentices which extends beyond the factory gate.

Grimshaw said: "We also believe we have a responsibility to the community, generally. We want our apprentices to use the roads with respect and to regard other road users with respect."

Ross Davies



Spreading North Sea oil around: Bayer AG's Herbert Grunewald in London yesterday.



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SECRETARIES FOR ARCHITECTS

FINANCIAL NEWS

HK Land plans £63m rights issue

Hoogkong Land is to make a \$HK600.9m (about £63.25m) issue with 8 per cent unsecured loan stock, 1984-93, on the basis of \$10 of loan stock for every eight shares held.

Immediate reactions to the announcement by the colony's stock brokers was that the offering was likely to depress the Hongkong stock market when trading started today.

The first call of 50 per cent is to be made on November 20 with the remainder due next May. Brokers believed that larger investors would come out of the market to conserve funds for the first payments. Some brokers forecast that the Hong Kong Index might fall 10 per cent today.

The company said yesterday it expected full-year profits to reach \$276m against \$230m last year and that the final dividend was expected to be at least 29 cents a share making a total of 43 cents, compared with 38 cents.

International

Sime Darby in line with hope

Sime Darby made record pre-tax profits of M518m, about £41m for the year to June 30, a 20 per cent increase on the previous year, in line with market expectations.

A major contributor to the increase was Kemper (Malaysia) Berhad, which became a subsidiary last year. For the 18 months to June 30 it made M527,000 but Consolidated Plantations profits dipped slightly to M566m with total sales showing an increase from M518m to M518m.

The proposed final dividend amounts to 17.5 per cent gross, making a total of 30 per cent, including a special dividend of 2.5 per cent, against 20 per cent after adjustments for scrip.

Krupp turnover rise stagnant

Fried Krupp said yesterday that its external turnover grew by only 1 per cent in the first half of the year to DM5,250m.

The company said exports share of turnover increased to 37 per cent from 35 per cent in the same period. Krupp reported that incoming orders to the first half of the year totalled DM5,500m, about 3 per cent under year-earlier levels. Order books, it said, remained at the same level as year-end 1977 at DM10,200m.

The company's flagship steel sector reported a decline in turnover of 2.2 per cent to DM2,300m from DM2,350m in the same period.

Kaiser go-ahead for Ashland Oil stake

Kaiser Resources has received approval under the Canadian Foreign Investment Review Act to buy 79 per cent of Ashland Oil Canada from Ashland Oil Inc. at a cost of C\$53.50 a share.

Yesterday the company said it will bid for the remainder of the equity in November at a similar price, bringing its total stake to C\$480m (about £206m), including the conversion of debentures.

Business appointments

Mr. A. M. Ramsay has been appointed as Group Financial Controller from November 1 to succeed Mr. C. J. Chalmers, who is leaving the group to join the new financial director of Scottish & Newcastle Breweries.

Mr. Anthony Barker relinquishes his role as managing partner of Tysack & Partners and remains as chairman. Mr. P. T. Prentice has been appointed as managing partner of Bryson Wilson Jones Wilsons Brewery of Manchester as production and distribution director as from December.

Mr. V. J. Scriver is appointed managing director of McIntyre, a subsidiary of Tate & Lyle Transport.

Mr. G. S. Sassenhausen has joined the board of Amalgamated Industrial Corporation, together with Mr. J. S. Sassenhausen, Mr. J. S. Sassenhausen, and Mr. J. S. Sassenhausen.

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Hoechst's 'glimmer of optimism'

Hoechst AG sees its current situation and immediate future with a glimmer of optimism, although it is unclear if an upward trend has really begun, its chairman, Herr Rolf Sammet, said in Frankfurt.

He told a press conference that he hopes world group pre-tax profits which rose in the second quarter from the first will continue to improve this year after first half 1978 pre-tax profits of DM550m (about £143m).

Hoechst had world group 1977 net profits at DM304.2m on turnover at DM23,300m.

He said although the earnings position is unsatisfactory, if the level can be maintained a dividend in line with the 1977 DM6 payout could be considered.

Consolidated domestic group turnover in the first eight months of 1978 rose a total of 4.4 per cent to DM8,700m with a 4.8 per cent rise to DM4,460m in exports and a 4.1 per cent rise to DM4,250m for domestic sales.

Hoechst's United Kingdom subsidiary Berger Jeason and Nicholson reported a 49 per cent pre-tax profit increase to £4.12m on sales of £11.1m, up from £9.84m to £10.57m.

The company said that the greater efficiency of the United Kingdom operations had been the main reason for the improvement. Operations in Australia had been hampered by poor market conditions.

Wholes' 35,000 sq ft Preston

Non-foods side still primes volume growth at Morrison

Volume growth at Yorkshire-based Wm Morrison Supermarkets still seems almost exclusively from the non-foods side of the business. The improvement here amounted to about 7 per cent in the half-year ended June 29 last, after a flat grocery performance suggested a 10 per cent volume advance as a whole.

Group turnover during the period climbed by a quarter to £50.47m while pre-tax profits pushed ahead by 21 per cent to £1.52m. The implied margin of 3.0 per cent, however, is entirely attributable to the 1.11m Whelans Discount Stores acquisition in April which added about £3m in sales but required about £100,000 in store improvements whose costs were written off above the line. Stripping out Whelans, net margins were 3.0 per cent, up from 2.3 per cent.

The acquisition should break even during the current half and will make a positive contribution in 1979.

Encouragingly, trade has picked up since July. The board, headed by Mr. K. D. Morrison, is talking of a 2 per cent volume improvement across the board in the second half on a year on year basis and the cements for the Christmas trade already look good.

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FINANCIAL NEWS AND MARKET REPORTS

Stock markets

Gloom as nerves begin to fray

The market's nerves are beginning to fray. Background is a gloomier situation than the closure was followed by a sharp fall in the price of a number of shares. The market is now in a state of "wait-and-see" if it dared offer something as good as the 10 per cent.

In its present mood the market remains fearful of the Labour Party conference... where Government ministers and union chiefs will be expected to indulge in a "cool heads" see the conference as a more constructive forum but they seemed to be in a minority yesterday.

Many of the companies, many of them "under 30" constituents, used to report miserable results, knocking the index down towards the 500 mark. But there was a recovery for stocks as the market moved towards the close. The 100 United States shares rose for the day as did the 100 Japanese shares. But most operators are sitting on their hands waiting for the Government to make a move.

By Ashmore eased 3p to 29.2p. The market from the market trend to think that Davy has paid for its recent United States situation. However there is a gap of a Eurobond issue to pay for it and that could be the way for a bigger dividend.

Money market rates have eased a bit this week (but upped doing so yesterday) as a temporary squeeze in liquidity caused by the recall of 1 per cent of special deposits was overcome. There is no incentive to turn cash into short-term stock is likely to get easier. Labour unrest was so unsettling.

There were signs of a feeble rally at the beginning of business. By 11 am the FT index was holding its own but it was a points down at 500 exactly. At the close the fall was 4.8 or 0.9 per cent to 501.2. The index last finished below 500 on September 4 and the best fall was the fifth in six trading days. Bargains marked down from 5.49 to 5.16. Many index stocks did their bit to undermine the index. But among the last to show its side, failed to get the index up 500.

The slump in interim profits as judged to be awful but they are expected to be bad and a maintained dividend was a consolation. The shares closed down at 24.6p. Vickers was almost exactly in

line with expectations with interim profits 7.2 per cent lower but on a bad day that was enough to knock the shares 6p to 18.8p. At EMI the shares continued to suffer from the backwash of Sir John Read's pessimism in front of annual figures next Thursday, falling 7p to 14.4p, while BOC sank 3p to 7.2p in reflection of the military of the workforce.

Loose, another index stock, retreated 5p to 30.5p after the French Government refused to allow it to proceed with a takeover of Duccellier.

But yesterday was a day when non-index stocks also provided their share of setbacks. Wimpey slid 8p to 87p after word of a 17 per cent drop in first half profits, instead of an expected rise.

Taylor Woodrow took its share, retreating 20p to 42.8p and R. Costaio did the same, sinking 12p to 24.4p. Moreover adverse press comment on Gulf contractions on Wednesday was still biting. In the case of Aberdeen Construction smaller profits and a warning were enough to lower the shares 5p to 9.4p.

Elsewhere, Marley shed 1p to 77p on difficulties in getting a price increase in their through the Price Commission, and Legal & General lost 7p to 14.9p, still on disappointing figures. The capital reorganization took

5p to 120p off Campari ordinary shares and 13p to 115p away from the "B" shares.

The Thorn placing of 16 per cent of Wilkins & Mitchell had Thorn 2p off at 37.4p and Wilkins unchanged at 45p. In acquisitions, the Amber Day plan to take over Crombey had the shares 5p off at 41p while the Kwik Save's purchase of Cee N Cee weakened the shares 4p to 89p.

Combined English Stores had a 150 per cent jump in profits. The shares closed unchanged at 125p. A one fifth rise in profits at William Morrison saw the shares ease 1p to 87p.

There were some bright spots. A 27 per cent jump in first half profits had CT Bowring ahead 5p to 122p and at one stage renewed bid gossip pushed up Charles Clifford 5p to 130p. Speculative demand also took Anglo African Finance up 7p to 191p.

In bid situations Rambergers, talking to an unnamed auto club, climbed 4p to 84p. Some do not expect the partners to come from outside the timber trade. Meyer or Matkinson are names mentioned.

Elsewhere Owen Owen lost 1p to 112p and Metal Box, up at 34.7p failed to go against the market in a bid for Louis Newmark shot up 10p to 280p on demand in a thin market.

Among South African issues the talking point was Mr Pieter Botha, the defence minister succeeding Mr Vorster as Prime Minister.

This disconcerted international operators—Mr Botha is a hardliner—but pulling the other way was the rise in but lion so that South Africa counters were a mixture of rises and falls. Klaf, Libanon and West Rand Consolidated gained a few pence, but De Beers shed 2p to 412p and Charter Consolidated 4p to 150p.

Liden Holdings are now 20p. Mr Norman Clothier is pulling the group round from losses and a return to interim dividends is expected soon. Prudential Assurance is thought to have sold its 5.8 per cent stake through a placing at around 15p.

After hours shares hardened a bit with HTV dull, losing 6p to 128p after disappointing results.

Equity turnover on September 27 was £88.2m (16,523 bargains). Active stocks according to Exchange Telegraph were Shell, European Petrol, RTZ, ICI, BP, P & O, GUS, Marks and Spencer, Barclays Bank as well as Distillers, BAT and Trafalgar House.

Latest results

Company	Sales	Profit	Earnings	Div	Pay	Year's
Int or Fin	£m	£m	per share	pence	date	total
Amber Day (F)	17.2(14.2)	0.09(0.09)	—	3.18(2.6)	31/10	—(6.1)
APV Hldgs (F)	34.2(31.1)	1.15(1.1)	1.27(1.06)	1.45(1.28)	28/11	2.16(1.93)
Assoc Book (F)	12.9(11.5)	1.19(1.1)	12.9(11.3)	1.5b(1.5)	31/10	—(4.0)
C. T. Bowring (F)	645.0(548.7)	19.0(14.9)	—	1.01b(0.9)	—	—(2.9)
Brown Bros (F)	106.2(51.8)	4.6(1.8)	—	0.62(0.75)	—	1.62(0.95)
Frank G. Gates (F)	13.5(10.4)	0.72(0.57)	—	—	—	—
Charterhall (F)	0.59(0.57)	0.02(0.1)	0.06(0.39)	NH(NH)	—	NH(NH)
Cook Plants (F)	—	75.5(78.8)	—	2.12(2.12)	—	2.99(2.99)
Dunlop Hldgs (F)	7.17(6.01)	0.7(0.42)	3.3(1.96)	0.8(0.7)	4/12	—(2.32)
James Finlay (F)	749.0(685.0)	22.0(32.0)	—	2.65(2.65)	2/1	—(5.3)
Footwear Inds (F)	37.5(39.3)	5.02(5.1)	8.3(10.9)	—	—	—
Galiford (F)	10.2(9.3)	0.53(0.82)	10.3(9.54)	2.98(—)	—	4.38(3.87)
Gall (F)	—	2.5(2.34)	—	2.6(2.3)	—	3.4(3.05)
Gen Investors (F)	—	0.72(0.57)	—	1.7(1.4)	31/10	—(4.0)
Gordon & Gotch (F)	—	—	—	2.95(2.64)	3/11	—(2.4)
J. Hewitt (F)	1.22(1.1)	0.1(0.06)	2.4(1.4)	—	—	—
Heron Corp (F)	265.5(232.4)	—	—	—	—	—
Alex Howden (F)	—	11.49(10.3)	—	2.5(1.5)	13/11	—(5.39)
Hunt & Mestrop (F)	16.3(12.3)	1.48(1.2)	—	0.45(0.46)	—	0.78(0.69)
HTV Group (F)	29.7(20.3)	1.4(1.2)	13.96(12.83)	—	—	3.0(1.0)
F. & W. Macellan (F)	3.0(2.6)	0.06(0.05)	—	0.5(0.5)	10/11	—(1.3)
R. P. Maritz (F)	4.1(3.27)	0.64(0.68)	3.09(6.6)	2.5(3.4)	11/11	4.5(5.9)
Wm. Morrison (F)	50.4(40.3)	1.51(25)	—	0.35(0.32)	6/11	—(0.75)
J. & J. Makin (F)	13.3(11.7)	0.73(0.5)	19.9(12.66)	1.28(1.14)	—	1.72(1.54)
Veren Ovens (F)	44.2(36.8)	0.2(0.5)	0.6(0.6)	—	2/12	—
Ready Mixed (F)	235.1(265.1)	14.1(12.0)	7.6(7.0)	2.79(2.5)	1/12	—(5.77)
Charles Sharpe (F)	—	0.88(1.0)	—	17.76(15.6)	21/11	21.88(19.6)
Sime Darby (F)	395.5(316.4)	41.8(35.4)	4.0(3.39)	1.75(1.20)	—	3.0(2.0)
Vickers (F)	191.4(236.4)	5.16(18.11)	5.5(19.5)	3.85(3.85)	3/1	—(9.81)
Whitman Reeve (F)	5.4(4.7)	0.65(0.7)	—	2.7(2.23)	3/11	4.5(4.4)
Geo. Wimpey (F)	14.5(17.6)	—	—	0.1(NH)	—	—
Woodrow Wyatt (F)	5.9(5.5)	0.07(0.244)	—	—	—	0.1(NH)

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown gross net of tax. To calculate gross net, divide by 1.25. a=For 18 months. b=Excludes small extra payment. c=Malaysian pre-tax and earnings are net. d=Loss.

Assoc Book looks to good full-time advance

Associated Book Publishers is expecting a more even spread of profits over the two halves of 1978 after the previous disproportionate weighting in the first six months. So, while an 8 per cent half-time advance to £1.2m pre-tax looks disappointing initially, the Methuen and Eyre & Spottiswoode publisher is looking for a "satisfactory advance in profitability for the year."

Currency fluctuations undermined the interim improvement back from 11 per cent and a similar rate of growth in overseas sales was in effect, clipped back only 1 per cent in sterling terms. Home turnover climbed 30 per cent while legal and other specialist publishing profits increased by 38 per cent. APS is looking for a more active second half to the UK and Canada which fell by 21 per cent pre-tax but non-recurring costs will again hold back any trading advance in Australia.

Headed by Mr Peter Allison, the board is pledged to pay the maximum permitted annual dividend permitted by the new regulations. For the moment the interim dividend is raised from 2.23p to 2.83p gross per share. Cover for the 1977 dividend was 7.5 times.

SACCONE-BALLS BROS. Saccione & Speed and Balls Brothers have agreed to the purchase by Saccione of nine retail off-licences operated by Balls.

Stronger construction side gives £2m lift to RMC

By Michael Prest. Despite poor weather in the first half, a strengthening construction sector lifted Ready Mixed Concrete's pre-tax profits by £2m to £14.2m, leaving the company cautiously optimistic about the full time outcome. An interim dividend of 2.75p, the maximum allowed, has been declared. Earnings per share of 7.7p against 7.8p reflect the conversion of the 84 per cent Convertible Loan Stock.

A small increase in borrowings over the year as a whole, mainly because of higher machine and return to high gearing, in any prices, but this will not last year Ready Mixed more than halved its borrowings. The company now says that it is looking at possible acquisitions in areas where it can make a useful contribution.

Profits from West Germany, which fell somewhat last year, should pick up this time. Concrete itself may not improve on 1977, but demand for aggregates is higher, and other activities such as builders' merchants and waste disposal are also doing better.

Turnover in the first six months was up from £265m to £294m. Fully diluted earnings per share were 7.6p, compared with 7.0p in 1977. The United Kingdom continued to be far and away the most important area, contributing £143m of turnover. Germany's share was more than £10m up at £95.4m, while other countries slipped in with £55.1m, an increase of £5m.

Concrete prices are due to those of cement, though Ready Mixed says the final price of its chief product depends on local market conditions. An increase



Mr John Camden, chairman of Ready Mixed Concrete.

in cement prices was refused by the Price Commission earlier in the year.

Lower tea prices weaken Finlay

By Our Financial Staff.

Slightly lower tea prices in the first six months of the year helped to push James Finlay's pre-tax profits down £1.8m to £15m. But approval has been received from the Treasury in the wake of buying Seaford Maritime to pay a third interim of 2.5p dividend in the middle of next year, equivalent to a 12.9 per cent increase. Results for the full year are expected to top 1977's £15.8m.

Because Indian yields are reported to be 20 per cent down tea prices may harden towards the end of this year, giving higher sales revenue through to May, 1979. Second half results will also show proceeds from the Indian and Bangla Deshi crops which have yet to be picked. Confectionery always sells well at Christmas. After suffering from bad debts in 1977, profits from banking and confirming should return to 1976 levels. The rest of the Glasgow-based company's

main divisions such as insurance, steamship agents and confectionery are all showing improvement over last year. Earnings per share during the first half were 8.3p against 10.9p.

Finlay agreed to bid the equivalent of £7.9m in shares for Seaford, a North Sea oil servicing company, in June. As part of the deal, 50 per cent of Seaford was sold to Taylor Woodrow for £2.3m. Seaford's pre-tax profit last year was £790,000 on a turnover of £16.5m.

Brown Bros buoyant as £4m topped

Brown Brothers Corporation, which is 69 per cent-owned by American Dana Corporation, raised pre-tax profits from £1.5m to £4.6m in the 18 months to June 30, 1978. The change from a year ending December 1977 was to keep the group in line with Dana's accounting period.

The group, whose main activity is the distribution of motor parts from accessories, has reduced its ratio and electrical interests to only 15 per cent of the £160m turnover. Turnover in the previous 12 months was £59m.

The manufacturing side, which at the moment contributes 20 per cent of profits, has been hit by a restricted aerospace programme as it has contracts linked to the Tornado military aircraft. Vehicle manufacturers' industrial production has also affected the group.

A final dividend of 0.92p gross is proposed and with the interim of 1.49p, the total will amount to 2.41p compared with 1.4p last year.

APV now deeper in volume shortfall

By Our Financial Staff. APV Holdings is running further into a volume shortfall. The processing and heat transfer equipment manufacturer took in orders worth £123m for the six months to 30 June last which is at a similar annual rate to that achieved in 1977 and obviously allows nothing for the effect of inflation over the period.

The rate of growth has slowed. Interim pre-tax profits advanced by just over a tenth to £8.47m but, stripping out the near 20 per cent improvement to £13.7m from Half-Thermant, the advance comes down into single figures.

Much of the upturn stemmed from the three subsidiaries operating in North America which now account for some 40 per cent of the profits total. Demand has varied from region to region with a good performance also coming from South Africa, the Far East and Australia partly offset by a lower rate of ordering in the home market, Europe and the Middle East.

Stag pays £1.5m for Mereden

The board of Stag Furniture Holdings is to pay £1.5m to Mr R. W. Whewell, the receiver of D. Mereden, the receiver of Mereden Furniture. This used to be owned by Bond Wood Holdings, the carps group now in the hands of a receiver.

Stag says that the products of Mereden are essentially complementary to its own, and the acquisition will significantly increase the group's market share in the dining room and living room sectors. The enlarged group will be aiming for a turnover of at least £50m in 1979. Stag will be financing the deal from its existing bank facilities.

Mereden's audited accounts for the period from August 11, 1977, to June 30, 1978, show turnover of £627m and a profit before tax and extraordinary items of £432,000.

The value of the net tangible assets being acquired by Stag amounts to £1.97m and includes the properties at £850,000—their estimated open market value.

Notice of Issue

Application has been made to the Council of The Stock Exchange for the undermentioned Stock to be admitted to the Official List

WEST KENT WATER COMPANY

(Incorporated by Act of Parliament in 1878). Offer for Sale by Tender of £1,500,000 7 per cent Redeemable Preference Stock, 1983 (which will mature for redemption at par on 31st December, 1983) Minimum price of issue £97.25 per £100 Stock yielding at this price, together with the associated tax credit at the current rate, £10.74 per cent

This Stock is an investment authorised by Section 1 of the Trustee Investments Act, 1961 and by paragraph 10 (as amended in its application to the Company) of Part II of the First Schedule thereto. Under that paragraph, the required rate of dividend on the Ordinary Capital of the Company was 4 per cent but, by the Trustee Investments (Water Companies) Order 1973, this rate was reduced to 2.5 per cent in relation to dividends paid during any year after 1972.

The preferential dividends on this Stock will be at the rate of 7 per cent per annum. The associated tax credit at the present rate of Advance Corporation Tax (35/67ths of the present rate) is equal to a rate of 3.30/67ths per cent per annum. Tenders for the Stock must be made on the Form of Tender supplied with the Prospectus and must be accompanied by a deposit of £10 per £100 nominal amount of Stock applied for and sent to Deloitte Haskins & Sells, New Issues Department, P.O. Box 207, 128, Queen Victoria Street, London EC4P 4JX in a sealed envelope marked "Tender for West Kent Water Stock" so as to be received not later than 11 a.m. on Thursday, 5th October, 1978 being the time of the opening of the subscription lists, and before that time no allotment will be made. The balance of the purchase money will be payable on or before Thursday, 21st December, 1978.

Copies of the Prospectus, on the terms of which alone Tenders will be considered, and Forms of Tender may be obtained from—

Lauria, Milbank & Co., Portland House, 72/73, Basinghall Street, London EC2V 6DP. National Westminster Bank Limited, 67, High Street, Sevenoaks, Kent TN13 1LA.

or from the offices of the Company at Crampton Road, Sevenoaks, Kent TN14 5DG.

Book loss as Thorn sells 16pc stake in Wilkins

By Our Financial Staff. Thorn Electrical Industries has sold its entire holding of 1.03m shares, 16.93 per cent of the equity, in Servis domestic appliance manufacturer Wilkins & Mitchell.

The placing price to institutions was undisclosed but, in the context of the opening market price of 45p yesterday, Thorn looks to have incurred a substantial book loss.

Thorn's interest goes back over five years when it was looking for a British manufacturer to substitute for its imported Bendix white goods supply. It picked up the bulk of its stake at an average price of about 120p a share and was rumoured to have contemplated an offer of about 180p a share. The Wilkins board, which speaks for about 52 per cent of

the shares, rejected any such approach, however, and for at least the last two years, Thorn has regarded its holding purely as an investment. Italian sourcing has long since replaced any domestic production ambitions.

As an investment, Wilkins scarcely falls into the blue chip category. Aggravated by Australian problems, the group has incurred losses in two out of the last three years, passed both dividends in 1976 and paid only an interim in each of the subsequent two years. Yet it is now felt that given stability in Australia, Wilkins is capable of about £200,000 pre-tax in a full year although this is still low when set against annual turnover of about £50m. Thorn has probably lost about £750,000—the book cost of its involvement.

HTV goes ahead to £3.2m

By Tony May. After an Exchange levy of £3.7m, against £2.8m, pre-tax profits of HTV Group, the Welsh and West of England independent television contractor and fine art dealing group, rose from £2.9m to £3.2m for the year to July 31. At the net level, the rise is from £1.55m to £1.7m. Turnover went ahead from £20.5m to £29.6m.

Earnings a share are 13.95p, against 12.8p, and the dividend is 13.48p, against 12.8p, which included a special payment.

Income before tax included

£2.25m from television, against £1.9m, £618,000, compared with £156,000 from the Frost & Reed fine art company and £33,000, against £23,000, from the property and leasing division. Publishing and stationery—included for the first time—made a profit of £42,000 on turnover of £4.3m.

Lord Harlech, the chairman, said that the results are better than they look because the diary activities of J. & J. Smith are somewhat misleading. They give little indication of the position for a full 12 months' contribution as the trade is highly seasonal.

Sime Darby

Sime Darby Holdings Limited

...another record year!

HIGHLIGHTS OF PRELIMINARY ANNOUNCEMENT OF THE RESULTS FOR THE YEAR ENDED 30TH JUNE, 1978

- TURNOVER** —increased 28.8% to a record M\$1.74 billion
- PRE-TAX PROFIT** —up by 21.8% to a record M\$184.4 million
- ASSETS** —assets employed increased to a record M\$1.13 billion
- DIVIDENDS** —up 50% on last year; earnings per share 17.69 cts*
- THE FUTURE** —Directors see continued growth

SUMMARY OF CONSOLIDATED RESULTS

	1978	1977	1978	1977
	M\$000	M\$000	£000	£000
TURNOVER	1,743,234	1,352,952	395,560	316,480
PROFIT BEFORE TAXATION	184,474	151,434	41,859	35,423
PROFIT BEFORE EXTRAORDINARY ITEMS	68,703	55,538	15,589	12,991
EXTRAORDINARY ITEMS	9,512	39,942	2,158	9,243
PROFIT ATTRIBUTABLE TO SIME DARBY HOLDINGS LIMITED	78,215	95,480	17,747	22,334

- NOTES: 1. The consolidated profit and loss account includes 18 months' results of Kempas (Malaya) Berhad which became a subsidiary in December 1977; it was formerly an associated company.
2. Dividends for the year total 30% compared with 20% in the previous year after adjusting for the one-for-one bonus issue in May 1978. Included in both years' dividends is a 2.5% special dividend.
3. Extraordinary items for the previous year included a non-recurring attributable profit of \$39,745,000 on sales of land by The Amoy Canning Corporation (Hong Kong) Limited.

The 1978 Annual Report and Accounts will be sent to Shareholders on 23rd October, 1978 after which date, copies may be obtained on request from the Secretary, Sime Darby Holdings Limited, Wisma MISC, Jalan Conlay, Kuala Lumpur, Malaysia.

* Excluding extraordinary items.

Galliford Brindley Limited

PRELIMINARY RESULTS

Year to 30th June	1978 £	1977 £
TURNOVER	38,582,000	33,450,000
Profit before Taxation	2,513,930	2,345,667
Taxation	606,852	1,231,313
Profit after taxation ..	1,907,078	1,114,354

The fact that demand for construction has now stopped falling has allowed some confidence to return to the industry and, although the level of demand is well below that of the early 1970s, our order books, taken as a whole, are better than those of a year ago.

FINANCIAL NEWS

Kendal in the black at last in CES threefold increase

By Rosemary Unsworth
Combined English Stores, whose fashion outlets include the Harry Fenton menswear chain and Salliburys Handbags, almost trebled pre-tax profits at £1.6m for the 28 weeks to August 12, 1978.

Sales, excluding VAT, increased by 32 per cent to £34m with an average 25 per cent increase in the handbags and menswear divisions. The group pulled the Kendal chain of 84 ladies shops into profit for the first time in 25 years during the interim stage at £49,000. The chain had previously lost £110,000 during a similar period and did not make any money immediately after its acquisition earlier this year.

Two new branches in London and Stevenage are due to open this year and it is planned to expand the chain to 100 shops.

An interim dividend of 2.55p gross has been declared compared with 2.32p last year. The chairman, Mr Murray Gordon, anticipates using 1978, the year of highest dividend cover, to pay a "few per cent more" than the 10 per cent dividend increase on the total.

The group is looking forward to reaping the benefits of consumer spending at Christmas and is hoping to maintain the 25 per cent increase in turnover at Harry Fenton, Salliburys and Collingwood Jewellery to the main contractors in the first half increase. "This financial year will be another year of substantial growth for the group", said Mr Murray.



Mr Murray Gordon, chairman of Combined English Stores.

UDT sells German interests for £4.8m

United Dominions Trust, the instalment credit group, has sold its German interests. This is a continuation of its strategy of reducing its overseas involvement to relieve it of its funding responsibilities and take some of the strain off the balance sheet.

ABC Bank of Cologne has agreed to acquire for £4.8m UDT's Einbaufinanzbank (EKB) and its interests in related companies in Germany. EKB is a licensed bank providing instalment credit facilities, accounted for £20,000 of UDT's net profits of £10.5m in the year to last June. With the rise in the Deutschmark and expansion of EKB's business, the guarantees UDT have to make to depositors in Germany have risen sharply and the sale will release £16.7m that has gone in the form of guarantees. The proceeds will go towards repayments of UDT's 8 per cent Swiss Notes due for redemption next January.



Giving details of the proposed listing of European Ferries on the Amsterdam Stock Exchange, Mr Keith Wickenden, the chairman (above), says that dealings will start on October 11. Continental Depository Receipts representing 100 ordinary shares will be traded. He has no plans to raise the issued capital.

GEN INVESTORS & TRUSTEES
Total revenue £1.05m (£871,500) for half year to July 31. Pre-tax revenue £724,000 (£572,000). Net asset value a share 155.7p (131.6p). Interim is 2.53 (2.42).

P. & W. MACLELLAN
Sales for half year to June 30 £3m (£2.6m). Pre-tax profit £59,000 (£48,000). Interim is 21 per cent (same). Satisfactory improvement seen.

ST GORAN DISPOSAL
Salem, Golden Point-A-Mousson SA have sold a 35 per cent stake in construction company Maisons Phenix SA for 225m francs (£26.2m) to an international group of institutional investors. Giving St Goran a capital gain of about 100m francs.

ROBECO TAKE OVER
Robeco NV will take over WAF Property, which is equally owned by Amsterdam Rotterdam Bank NV, Pierson, Holding, En Pierson NV and Westland Utrecht Hypotheekbank NV. They have no financial details, but WAF has property in several Western European countries, worth about 90m florins (about £21.5m).

RIGHTWISE MERGER
Scheme of arrangement between Rightwise, Dundee Holdings, Cadok, Indonesia and Arbour Court Investments became effective on September 25.

The latter companies become wholly-owned subsidiaries of Rightwise.

JERSEY ELECTRICITY
Pre-tax profit £1.07m (£807,000) for half year to July 2. Interim dividend is held at 4p. Second half likely to reflect increased capital costs caused by start of programme for replacement of faulty cable.

WEST KENT WATER CO
Offer for sale by tender of £1.5m 7 per cent redeemable preference stock, 1983 announced.

BELHAVEN BREWERY
To line with Allied Breweries' undertaking to Monopolies Commission, Mr P. Salmon, the Lyons representative on board, has resigned.

MERGER CLEARED
Proposed merger between Y. J. Lovell (Holdings) and Farrow Group and National Enterprise Board purchase of a stake in Monotype Holdings. Not to be referred to Monopolies Commission.

RICARDO & CO
Acceptances of rights issue received for 95.9 per cent of shares offered.

EASTERN PRODUCE
Eastern Produce (Hides) has purchased Nutcutt Group, an insurance broker both in the United Kingdom and overseas, for £750,000.

AMALGAMATED STORES
Turnover for year to March 31 £273,500 (£254,000). Pre-tax profit £15,000 (£12,000). No dividend (same). Loss per share 0.13p (0.41p). No trading profit yet as board has concentrated on further expansion and development of group's asset base as the first priority.

Briefly

BELHAVEN BREWERY
Has acquired two licensed hotels in Scotland for £206,000, in shares. They are Crosskeys Hotel, Peebles, and the Royal Hotel, Jedburgh.

WHEATMAN REEVE ANGEL
Turnover for six months June 30 £5.38m (£4.68m). Pre-tax profit £552,000 (£719,000). Dividend is 4.02p (3.39p).

J & J MAKIN PAPER
Dividend is 2.57p gross (2.34) for year to March 31. Turnover, £13.28m (£11.76m). Pre-tax profit £734,500 (£508,000). Earnings a share 19.97p (12.66p).

WOODROW WYATT
Sales for year to March 31 £5.92m (£5.48m). Pre-tax loss £68,000 (loss £240,000). Group now back in profit so nominal dividend 0.14p proposed. Trading generally in the group has improved.

FTB-KENCORD
FTB's Australian subsidiary has taken a 20 per cent stake in Kencord Holdings at a cost of \$41.45m and is to bid on the same terms for the remaining equity in gain a 52 per cent controlling interest. The takeover value the company at \$7.2m (about £4.2m). The company makes automotive moulded carpets, trim and commercial carpets.

EC (HOLDINGS)
Discussions are taking place with the Thomson Organisation which may lead to offer being made by Thomson for 49.2 per cent of E. C. not already held.

DOWNES SURGICAL
Sales £7.7m (£6.0m) for half year to June 30. Pre-tax profit £704,000 (£426,000). Earnings a share 3.30p (1.96p). Interim is 1.19p (1.06p). Performance has improved in first half and board confident that improvement will continue.

FOOTWEAR INDUSTRY INV
Turnover for year to May 31 £10.22m (£9.34m). Pre-tax profit, £632,000 (£823,000). Earnings a share, 10.3p (9.54p). Dividend is 6.50p (5.86p).

ALLIED BREWERIES & J. LYONS

Circular to holders of J. Lyons 71 per cent issued loan stock, 1981, proposes cancellation of conversion rights, and an increase of three quarters per cent to rate of interest. Directors of Lyons and financial advisers recommend proposals.

CHARLES SHARPE
Pre-tax profit £850,000 (£1m) for year to June 30. Dividend is 32.6 (29.7).

FRANK G. GATES
Turnover £13.5m (£10.4m) for 8 months to June 30. Pre-tax profit £714,000 (£579,000). Earnings per share 6.8p (5.5p).

WEST KENT WATER
Underwriting completed for an offer for sale by tender of £1.5m West Kent Water Co 7 per cent redeemable preference stock, 1983. Full particulars available today. Brokers in issue are Laurie, Milbank.

PHOENIX MINING & FINANCE
Applied Minerals received 206,104 units of Globe & Phoenix Gold Mining following offer for sale of 252,754 Globe stock units. Applicants satisfied in full and retaining 46,650 stock units taken up by African Lakes Corporation which now holds a total of 126,831 units (14.3 per cent) of capital of Globe & Phoenix.

ARMSTRONG EQUIPMENT-CORNERCROFT

The ordinary offer for Cornercroft not already owned by Armstrong, closes on October 12 unless acceptances have been received by then for not less than 90 per cent. The preference also closes on October 12 unless acceptances received for not less than 90 per cent. Armstrong has to date received acceptances, etc. for 89.3 per cent of the ordinary and over 80 per cent of the preference capital of Cornercroft.

JENNY OFFER FOR WM MOWAT
Directors of Mowat & Sons have agreed to sell to Jenny 61.67 per cent of share capital for 22.5p per share in cash. Jenny will make an identical unconditional offer for rest.

Options

The traded options pitch lived up to a little yesterday when the number of contracts arranged rose from 419 to 622. Marks & Spencer led the way with 118 deals. Few souls were hardy enough to take positions in EMI where only 15 options were fixed. There was, however, a call in EMI for a fortnight option in the conventional market. There was also a double in the stock. In the three months option list a double was done in among other stocks. First National Finance 91 per cent loan 1992-97 and in FNFC ordinary.

UK stores sales fillip as Owen Owen returns to profits

Owen Owen, the department stores group operating mainly in the north-west, is back in profit with £208,000 for the 26 weeks to July, 1978, compared with losses of £581,000 during the corresponding period last year. An interim dividend of 1p gross has been declared, with an additional 0.05p for 1977.

United Kingdom stores sales increased by nearly 20 per cent which represents a material volume increase and profits have benefited accordingly, says the group. Results from Suters stores acquired earlier this year have not been included in the group results but would not help them significantly. The furnishing and shopping subsidiary, Plum Contractors, has contributed a satisfactory sales and profits increase.

But the Niagara Falls store which opened in August, 1977, contributed a loss in its spring half-year although sales in the other five Canadian established stores gave a "marginal reduction in their trading loss for the six months" according to the chairman, Mr John Norman.

But second half results in the UK and Canada should improve, he adds.

C & W Walker goes slightly ahead

After fully providing for the losses and termination costs of F. Atkinson (Deutschland), pre-tax profits of C. & W. Walker Holdings are up from £329,000 to £333,000 for the six months to July 29. Earnings a share are 8.96p against 11.02p and the dividend is raised from 3.73p to 4.1p gross.

In the United Kingdom productivity at this specialist engineering has continued to improve, but the order intake fell below budget in the second quarter. Since the half year, the group has experienced a welcome upsurge in inquiries, which should show through in the latter part of the year.

The board expects the final results to be "at least as good" as the record £747,000 made last year.

Opening reverse for Aberdeen Cons

Pre-tax profits at Aberdeen Construction Group continued to dip with a 31 per cent fall to £1.2m in the half year to June 30, because of bad weather early in the year.

With turnover remaining virtually static at £26.8m compared with the same period, the board predicts that the same level of tendering opportunities will be maintained in the future. "While it is unlikely that the percentage return on the whole year's turnover will be much improved

as a consequence, it is not anticipated that the profit margin will deteriorate."

An interim dividend of 2.9p gross is declared against 2.6p last year. Earnings a share fell from 8.26p to 5.75p.

Hunt & Moscrop's one-for-4 scrip

Hunt & Moscrop (Middlesex), the industrial machinery manufacturer, saw an 11 per cent increase in pre-tax profits to £1.4m for the year to June 30.

The group also proposes a scrip issue of one deferred ordinary share for four ordinary shares to increase authorized capital to £2m ordinary and £500,000 deferred ordinary shares. The deferred shares will not have the right to receive dividends for 10 years but will be identical to ordinary shares in every other respect.

A dividend of 0.68p gross has been recommended, making a total of 1.16p including an adjustment for advance corporation tax on the interim of 0.49p.

Beckman slips but payout up

After a dip in second-half profits from £1m to £951,000, A. Beckman, a fabrics converter and merchant, has ended the year in June 30 with a 7.5 per cent fall in profits before tax to £1.8m. This follows a 5.8 per cent slip in turnover to £16.3m.

Earnings a share are 8.56p against 9.35p, but the dividend is raised from 7.32p to 7.43p gross.

BICC to keep \$53m of Gen Cable sale

The board of BICC has decided to keep the proceeds from its sale of a 20 per cent stake in General Cable Corporation, in dollar. The \$53m £29.3m will be redeployed, elsewhere within the group or be used to finance further acquisition opportunities in the UK or overseas.

The agreement, which has now been completed, is for General Cable to buy back the stake at \$18.5 a share.

Charterhall slides and dividend passed

Charterhall Group's profit fell to £16,000 from £109,000 after tax credit of £15,000 and written off exploration costs during the year ending June 30, 1978.

No dividend has been proposed for the year and earnings a share stand at 0.06p compared with 0.39p in 1977. The group's immediate future centres on its Buchan Field investment which is due to start production in the third quarter of 1979.

The UK financial comp have continued to trade satisfactory level and reported sufficient earnings cover the operating exp of the group as well as exploration expenditure of oil division during the said chairman, Mr Derek Hams.

R. P. Martin shows fall of 6p

R. P. Martin, foreign change and currency, reported a 6 per cent fall in pre-tax profits of £645,000 the year ending June 30.

Adverse takeover costs overseas office relocation amounted to £42,000 and attributable to the parent company slumped from £401,000 to £485,000. As a result the profit dividend is reduced 5.2p gross to 3.7p, making 5.2p gross to 3.7p, making total of 6.7p against 8.9p 1977 although the board 1977, although the board its expansion policy and investment in overseas vent should bear fruit.

Directors Sheffield Brick stake

Mr Roger Marsh, chairman W. J. Reynolds for eight years until it was taken over on this year, has bought a 2 per cent stake in Sheffield Brick and has been appointed deputy chairman. His purchase of 400,000 shares in the company, the disposal by Raine Engineering Industries of the 28.8 per cent interest which it retained following its abortive bid Sheffield Brick in April year.

Talbot buys 29pc stake in Hoskins

Talbot group has acquired 29.2 per cent stake in Hoskins & Horton, the Birmingham-based builders and civil engineers, which was held by clients of Arrol Bank & Co.

The purchase at 159p a share follows Talbot's approach week to the board to dis a takeover, and puts a price about £3.75m on the group.

Heron Corporation climbs 23pc

Heron Corporation, Gerald Ronson's petrol stat to vehicle distribution emp increased pre-tax profits by per cent to £6.5m but he y to March 31. Sales were per cent to £265.5m.

Mr Ronson reports that group's cash balances at end of the year were £167 while shareholders' funds a rise of more than twofold stood at £60.5m.



RESULTS FOR SIX MONTHS ENDED 30TH JUNE 1978

- The Company's unaudited results for the six months ended 30th June 1978 show a pre-tax profit of £5.157m (1977 £18.116m) including the contributions, shown on the attached statement, from businesses now nationalised.
- The U.K. operations, other than Offshore Engineering, together achieved higher profits than in the first half of last year. In Australia and Canada lower profits were earned, the Canadian performance being severely affected by a four week strike at the plant.
- The effects of rapid developments in underwater technology and weak market conditions have combined to produce significant losses during 1978 in the Offshore Engineering Group, particularly in Vickers Oceanics Limited. Remedial actions already taken and those that are in hand, supported by continuation of the extensive research and development programme, are aimed at strengthening the position of these businesses in this important engineering sector.
- Negotiations with the Government on the nationalisation compensation issue are in progress. Payments on account, amounting in total to £10.1m, have been received, on which an interest credit of £0.68m has been included in the first six months' results.
- At their meeting to-day the Directors decided to declare an interim dividend of 3.35p (1977 3.85p) per £1 ordinary stock equivalent, with associated tax credit, to 5.7463p gross (1977 5.8333p gross). The dividend which will cost £1.64m net, will be paid on 3rd January 1979 to Stockholders on the Register at 29th November 1978.

28th September 1978

ROBENS
Chairman

Vickers

Vickers Limited Unaudited half-year's results	Half-Year Ended 30th June	Year Ended 31st Dec
	1978	1977
Sales (Note 1)	£'000	£'000
Consolidated trading profit (Note 2)	191,433	236,493
Investment income	10,055	16,146
Interest payable less receivable	313	41
Consolidated profit before taxation	(5,208)	(5,684)
Share of profits of associated companies (Note 3)	5,160	10,503
Profit before taxation	(3)	7,613
Taxation	5,157	18,116
Profit after Taxation	2,100	8,800
Minority shareholders' interest	3,057	9,316
Stockholders' profit before extraordinary items	441	601
Preference dividends	2,616	8,715
Ordinary stockholders' profit before extraordinary items	193	191
Earnings per £1 of ordinary stock	2,423	8,524
	5.5p	19.5p
Notes:	£'000	£'000
1. Includes Shipbuilding sales	—	39,144
2. Includes Shipbuilding trading profit	—	3,839
3. Includes share of profits of British Aircraft Corporation (Holdings) Limited	—	7,974

Vickers Limited, Vickers House, Millbank, London SW1P 4RA

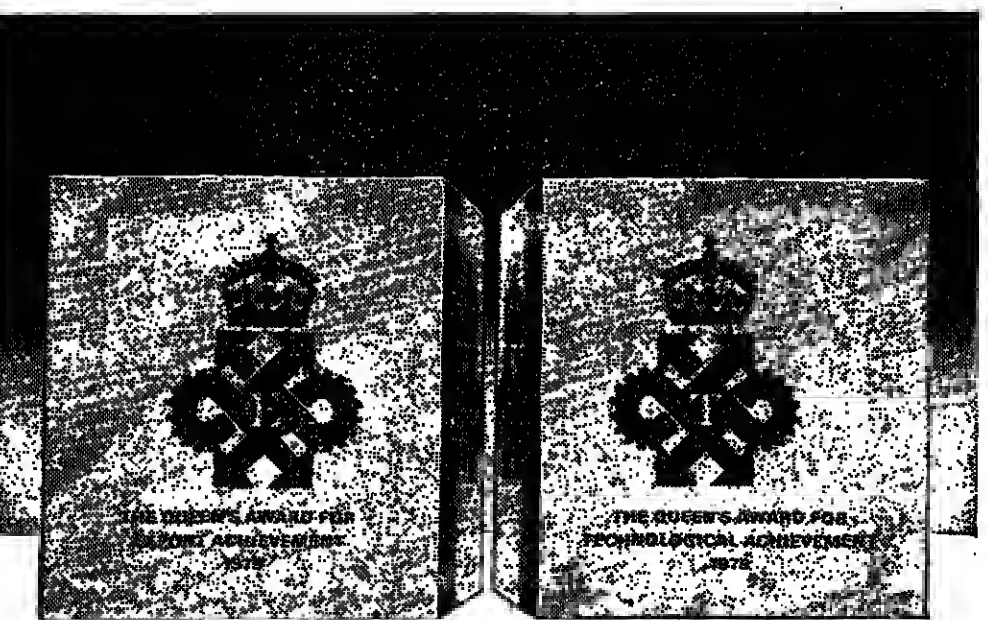
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سكزا من لاجل

Broadcasting Guide

Edited by Peter Daville

PERSONAL CHOICE



in Swales and the young Cathy and Dale Tarr in a cliff in part one of *Wuthering Heights* (BBC 2, 8.30)

Impact of the BBC's so-called series *Pot Black* on amateur snooker has, by accounts, been extraordinary. At a snooker table in a hall, you now have to reserve one in advance. Previously, you simply walked in, seized your cue and edged to break up the reds. A similarly heavy demand for green patches of a different kind, is expected with the long (BBC 2, 8.05) of the BBC 2 Masters Championship.

As Sunday night's opening episode of *Wuthering Heights* is aired tonight (BBC 2, 8.30), Hugh Leonard has adapted the faithfully, but not slavishly. The moors are quintessentially stately, *Wuthering Heights* looks solid and forbidding, the social scene is poorly managed and Mr Lockwood's late-night supper with Cathy's ghost is horrific enough to give you a pious light if you dwell on it after you have turned off the side light.

With the holiday season drawing to a close, this seems an ideal time to investigate the kennels where you might have your pets and to examine, a little more closely than most of us those mail order firms that offer the kind of cut-price petting it seems churlish to refuse. Both subjects are tackled today's edition of *Money-Go-Round* (Times, 2.00), the latter magazine which must be detested by business people as ethics are not beyond reproach.

Creeds to Music (Radio 4, 4.05) has all the makings of a double exercise in musical archaeology. Today is the 40th anniversary of the Vaughan Williams work of that name, commissioned by Sir Henry Wood to celebrate his golden jubilee.

Eight of the original 16 singers who took part in first performance—they include Isobel Baillie, Eva Turner, Robert Easton—are still with us and today they reminisce in the great occasion and listen to recorded highlights.

Afternoon Theatre (Radio 4, 3.05) is a love story from Russia, in which the only play in the Soviet Union whose authors are both respected and nationally staged. The setting is a town and the main characters are the man in charge (played by Richard Hurndall) and a patient (Pauline Letts).

Used to be a surgeon, she a circus artist. An unlikely pair, they bring the last of the recitals by semi-finalists in the Leeds International Piano Competition (Radio 3, 3.40), hear the American Gary Steiger Wald.

AT THE SYMBOLS MEAN: * STEREO; * BLACK AND WHITE; REPEAT.

TELEVISION

BBC 1

6.40 am, *Open University* (until 7.55): The Changing; 7.05, *Earthquakes*; 7.30, The major Histocompatibility Complex; 9.30, For Schools, Colleges: *Canoe (Padding)*; 10.00, Look and Read (r); 10.23, *Pfenners*; 10.45, You and Me: puppets for the under-fives; 11.05, For Schools, Colleges (until 12.25): 11.05, Location Britain (Peterhead); 11.30, A Job worth Doing; 12.00, The Business World; 12.45 pm, News and weather; 1.00, *Pebble Mill*: including British-born comedienne Judy Carne's first TV appearance since breaking her neck in a road accident. Also, Perry Williams, co-founder of the Peace Movement, looks back over the past violent decade; 1.30, *Pebble Mill*: including British-born comedienne Judy Carne's first TV appearance since breaking her neck in a road accident. Also, Perry Williams, co-founder of the Peace Movement, looks back over the past violent decade.

BBC 2

6.40, *Open University* (until 7.55): 6.40, Teaching by telephone; 7.05, Why Comparative Politics; 7.30, The Reasonable Militant; 11.00, Play School: same as for BBC 1; 1.00, *Racing from Ascot*: the events are: 2.15, The Phillips Stakes; 2.50, The William Hill Trophy; 3.25, The Taylor Woodrow Charities Stakes (handicap); the 3.55 J. & B. Whisky Handicap; 4.55, *Open University* (until 7.00): 4.55, Microbiology; 5.45, *Shakespeare*; 6.10, Neural Modelling; 6.35, Polymerisation; 7.00, News, with subtitles for the hard of hearing; 7.05, Children's Wardrobe; 7.30, *News and Weather*; 7.35, Expert Opinion: The topic: Foreign policy—what choices for Britain? The speaker: Sir Frank Roberts, president of the British Antarctic Committee, and Dr Lawrence Friedman, of the Royal Institute of International Affairs; 8.30, *Top Crans*: first match in the BBC 2 masters' crown bowling competition (see Personal Choice); 8.30, *Wuthering Heights*: repeat of last Sunday's first instalment of this new TV adaptation (see Personal Choice); 9.25, *Selected Horizons*: The River that Came Clean. This Horizon film describes how the Thames became the cleanest

1.45, *Trumpion*: puppets in The Greenhouse (r); 2.02, For Schools, Colleges (until 3.00): 2.02, And They All Lived Happily Together (r); 2.35, Joan of Arc (2); 3.55, Play School: Market Day visit to Doves, Wiltshire; 4.20, *Champion*, the Wonder Horse: repeat of The Deer Hunters; 4.45, Captain Caseman: new cartoon series; 4.55, *Crackerjack*: newcomer Val Mitchell joins the "old" faces (Ed Stewart, Peter Glaze, etc.) and the Eamonn Andrews-invented game Double or Drop returns; 5.40, News, with Kenneth Kea-dall; 5.55, *News and Weather*; 6.00, *News and Weather*; 6.05, Film: Carry on Cowboy (1968) the late Sidney James plays the Ruritanian of the West, in this hurling Western; 6.30, *News and Weather*; 6.35, Play: *World War*, by Aleksis Arbunov; 6.40, *News and Weather*; 6.45, *News and Weather*; 6.50, *News and Weather*; 6.55, *News and Weather*; 7.00, *News and Weather*; 7.05, *News and Weather*; 7.10, *News and Weather*; 7.15, *News and Weather*; 7.20, *News and Weather*; 7.25, *News and Weather*; 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Peking's global policy, especially towards the West, has undergone remarkable changes in the past few years. This Special Report examines the state of these links and China's domestic scene

CHINA

has been the most dramatic and significant year in recent foreign policy since 1972, when Mr Richard Nixon visited Peking.

ough Sino-American relations have made little progress in the past six years, the turnaround in the global policy which it symbolized has had lasting repercussions, continues to do so. In 1978, the co-operation of Peking's de facto with the West struggle to contain expansion has brought changes incoercible a few years ago.

most important element has been the out-look of China's dispute with the United States. By showing that it can have close and friendly ties with a large country which continues to trade and maintain informal links with Taiwan, Peking has certainly improved the atmosphere for an eventual solution of this troublesome issue.

The symbolic implication of the Japanese treaty are also considerable. China will no longer have a motive to play up contentious territorial issues with Japan—mainly the question of sovereignty over the uninhabited Senkaku Islands (Tiao Yu Tai) in the East China Sea, and offshore oil drilling in disputed waters.

These issues have in the past been used by China to embarrass Japan and point up the desirability of having a treaty to whose framework they would be less likely to crop up. There may still be technical problems regarding the location of drilling sites and Japan's plan to explore jointly with South Korea, but they are less likely to become political issues.

In any case, China is keen to obtain technical assistance from Japan in drilling for oil in the Po Hai Gulf and the Pearl River estuary. Significantly enough, four American firms have been negotiating for similar arrangements, so that Japan and the United States may soon be important partners

in China's drive for development of its oil resources, so necessary to boost its future foreign exchange earnings.

A better atmosphere in the Sino-Japanese relationship may also be of some help in seeking solutions to the tangled problem of Korea. No easy way out of that country's division is yet in sight, but at the least the Japanese Government and public can rest assured that China's interest in preserving the security of the region is stronger than ever before.

To the south, developments have been less happy for China. Since the second half of last year, the political dispute which has been brewing with Vietnam has turned into an ugly conflict involving the fate of scores of thousands of ethnic Chinese in Indochina. More than 150,000 have fled back to China, imposing severe burdens on the economies of the southern provinces, and many others are living in a kind of limbo in Vietnam, unable to leave and unable to make a decent life for themselves if they stay.

This difficulty would probably never have arisen had it not been for Vietnam's decision to ally itself with the Soviet Union in the long-standing political and ideological dispute with Peking. Moscow clearly sees advantage in fomenting trouble between the two neighbours, and the outbreak of border skirmishing in August was an ominous sign, especially when China and Vietnam have a serious disagreement over sovereignty of the Paracel and Spratly Islands, occupied respectively by Chinese and Vietnamese forces.

Nor can China ignore the prospect of a widening of the conflict in Indochina, with increasing Vietnamese attempts to overthrow the regime in Cambodia. China's fierce but unstable ally. The possibility of fighting between Chinese and Viet-



Chairman Hua, on his first visit to Europe, warmly embraces President Tito in Belgrade. Photograph by Alain Keler/Sygma.

nam forces for control of the wild areas of northern Laos, where the borders are ill defined, is also a real one.

Seeing itself increasingly encircled by the Soviet Union and its client states, China has retaliated by sending Chairman Hua Guofeng to the Balkans on visits to those two thorns in Moscow's flesh, Yugoslavia and Romania. Combined with the Chairman's visit to Iran, the political message of this tour is plain: China will strengthen links to every country which seeks to protect their own independence by bottling up the Soviet Union and frustrating its drive towards the

warmer waters of the Mediterranean and the Indian Ocean. Chairman Hua is also thought likely to visit Western Europe next year—in-cluding Britain—in order to underline China's faith in Nato as the best obstacle to Soviet expansion. The sweeping promises made to Mr Edmund Dell, the Secretary for Trade, during his Peking visit in August, about the prospects of a huge expansion in Sino-British trade, should be seen at least partly in a political context.

To some extent, greater exports of Chinese metallic ores could help to stabilize the European and global market which is liable to be affected by further upheavals in central and southern Africa. The harmful effects on the European vig of Nam are undoubtedly one reason why China has shown such con-

cern and indignation at Soviet and Cuban intervention in Africa, and has done what it can to aid the Zaire Government with a training programme, and Somalia with economic aid and moral support.

It was notable that China said nothing critical of the joint Franco-Belgian-American rescue operation in Shaba, though theoretically it could be seen as a classic manifestation of "neo-colonialist interventionism". The big political crunch for China will come if and when Russia and Cuba support military action against Rhodesia or even South Africa, states of which China expresses strong public disapproval.

Distant though Africa and the Middle East are from China, Peking is by no means impotent to expand its political influence there, especially in the Middle East. Through its new links

with Libya, China will be able to keep a more sensitive finger on the pulse of Arab radicalism, while its burgeoning relations with the Gulf states give it a chance to influence the thinking of the oil states and bolster their determination to exclude Soviet domination from the area.

The most important single development is expected to be the opening of diplomatic relations with Saudi Arabia, by which China may hear Russia to the post in the establishment of friendly ties with that fanatically anti-communist state.

China can view 1978 as a year in which, despite setbacks in some important areas, its foreign policy at least showed that restless dynamism which is seen in Peking as the best road to progress.

David Bonavia

On other pages

Defence; economy	II
Relations with:—	
Britain; EEC	III
Japan; United States	IV
Africa; Australia	V
Eastern Europe	VI
United Nations; tourism	VII
Historical links; studies; living there	VIII
Education; exchanges; Chinese community	IX
Trade; energy	X
Aviation; metallurgy; petrochemicals	XI
Publishing; communications; engineering	

Economic progress is priority

by Richard Harris

Our ignorance about China far exceeds our knowledge. What do the people of China think about their Government and its attitudes in the two years since Mao Tse-tung died? How many of them ask how stable their leadership is? How many of them have do more work will receive more pay. Every effort must be made to "reduce irrational burdens on the peasants".

Last month's visit by Chairman Hua Huo-feng to Yugoslavia confirms another aspect of China's open-minded economic policies. In theory, Maoism remains unaltered as China's doctrinal bible. In practice, where economic progress seems to demand it, imitating Yugoslav methods of self-management and decentralization are as acceptable to Chairman Hua as they are to the most open-minded Mr Teng.

So, too, there is agreement on modernization of the Armed Forces even if it means jettisoning as no longer relevant Mao's strong attachment to guerrilla warfare. There is no need to denounce Mao in this matter. Lo Jui-ching was dismissed as army chief of staff in 1965 for just such modernizing policies as are now proposed. When he died a few weeks ago it was Mr Teng who spoke at his funeral to emphasize the point.

As for science and technology, Mr Teng knows only too well how disastrously China fell back because of the closure of all forms of higher education during the Cultural Revolution. Many of them had not even recovered fully by the time Mao died in 1976 and all of them had been racked for years by extraneous political conflict. China faces a 10-year gap. During the past year the

continued on page IV

技術専長

You can't build a factory, make steel, or drill for oil without it.

As usual, the Chinese have a word for it or in this case a phrase. It's a phrase that talks of 'strength in technology' but particularly of knowledge and know-how. Within the next decade, changes will take place in the People's Republic of China that took a hundred years in other countries. An industrial and technological revolution in little more than the time it takes some countries to build a power station or develop an aeroplane. At Vickers, we've been involved in advanced technology for more than a century,

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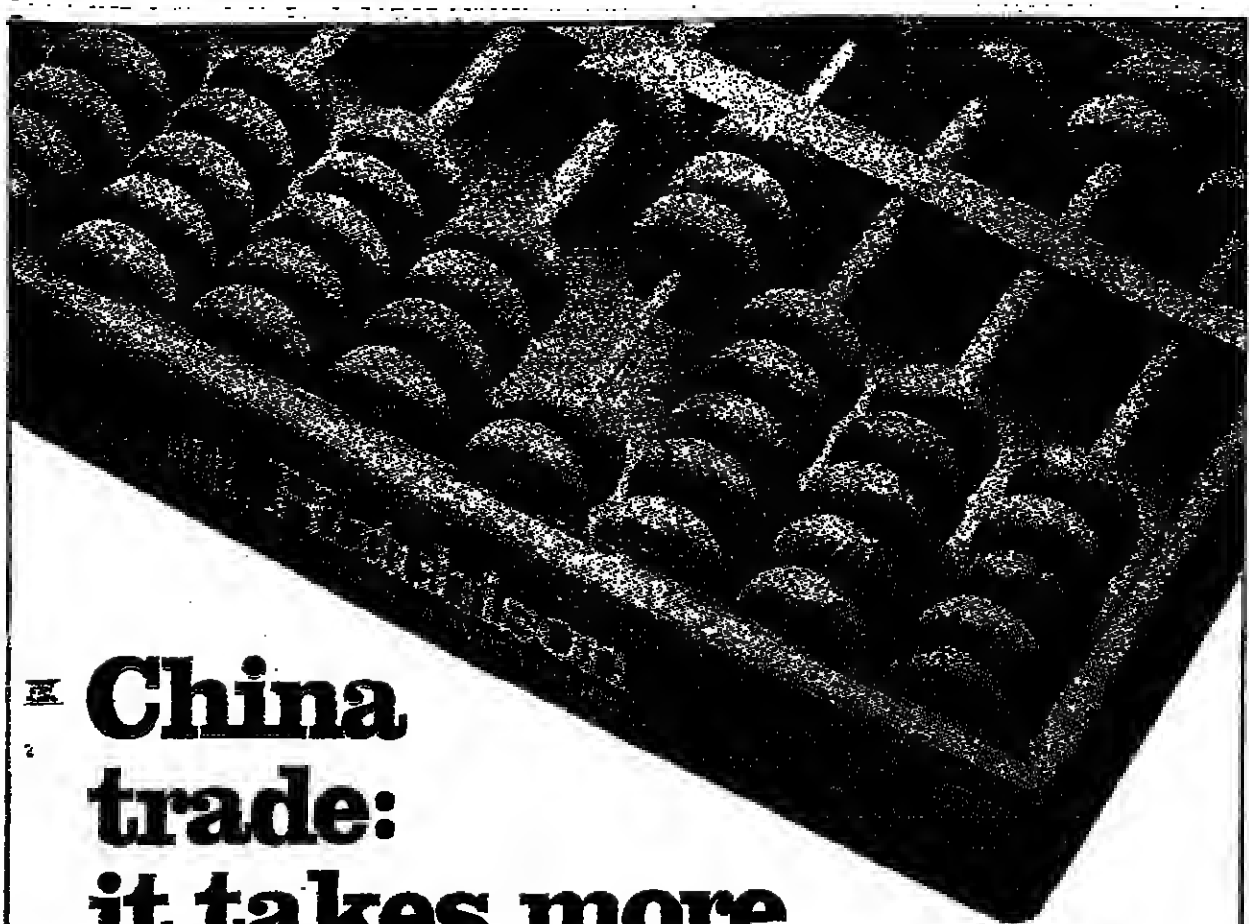
or equipment for steel plants or railways, or heavy vehicles, and much more. But most of all, we're talking about know-how.



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Uneasy fears of war haunt Sino-Soviet border

Lord Chalfont recently returned from Peking where he talked with Chinese defence chiefs. He explains here their views on the likelihood of war with the Soviet Union and the course it would take.

One of the most persistent themes in any discussion with the Chinese leadership about foreign affairs is their almost obsessive fear and mistrust of the Soviet Union. General Wu Shu-chan, Vice-Chief of the Chinese General Staff, reflected the general view in Peking earlier this year when he told me that China regards itself as the main obstacle to Soviet plans for world supremacy.

This, he said, is well recognized by the Soviet Union and the Russians are therefore determined to dominate China. He pointed out that there are more than a million troops with modern equipment on the Sino-Russian border and that there are serious risks of conflicts arising from this confrontation.

One of the specific fears repeatedly expressed to me

in China was of some kind of limited operation against the Uigur Autonomous Region of Sinkiang. This vast area, on the western border between the People's Republic and the Soviet Union, covering one sixth of China's land mass, is populated largely by national minorities; and the Chinese fear is that the persistent harassment along the disputed borders might one day erupt into an open military conflict in which the Soviet Union was ostensibly supporting an alleged separatist movement in Sinkiang. This is, however, only one facet of the pervasive Chinese fear of Soviet aggression at all levels.

The Chinese strategy for deterring the Russians from embarking on this aggression (and for defending China against it if the deterrent should fail) is based on two elements: the nuclear weapon and the People's War. The People's Republic, of course, already possesses thermo-nuclear weapons and

has openly declared its intention of increasing and improving its nuclear weapons capability.

The declared nuclear strategy of the Chinese vis-à-vis the Soviet Union, however, differs fundamentally from that of the West. The Chinese insist that they would never be the first to use nuclear weapons—they would use them only in retaliation for nuclear attack upon themselves. Indeed, they say that the West's nuclear strategy contains a large element of appeasement—an apparently paradoxical proposition which they explain by saying that the West would, in fact, never use nuclear weapons first because of the certainty of the annihilation which would follow.

Therefore a policy based on the first use of nuclear weapons as a deterrent against conventional attack is totally incredible and in effect gives the Russians a blank cheque for engaging in any kind of military

operation short of a nuclear first strike.

The real Chinese deterrent against a Soviet conventional attack, as well as their defence against it if deterrence should fail, is the People's War.

The theory behind this is that a Soviet attack would be allowed to penetrate deeply into China's territory.

Indeed, China's leaders talk openly about giving up whole regions or provinces temporarily before submerging the invading forces in "the great ocean of the Chinese people".

The invading forces, having extended their lines of communication dangerously, would then be attacked by the combined forces of the People's Liberation Army and the militia, which it is claimed can be counted in tens of millions of men and women.

Although there is little doubt that the Chinese people, highly disciplined and fiercely patriotic, would fight courageously against any invader it is in fact not so certain that the People's Liberation Army as it is presently organized, trained and equipped could resist an all-out assault by the Soviet Union. China's mili-

tary leaders then recognize this and are minded to improve the military equipment—especially of better aircraft and anti-tank ment.

This is, however, a matter. The Chinese would be unable at present to manufacture or expand the manufacture of equipment; and the could not begin in the military technology of the Soviet Union.

Recognition of the fact that China is reflected in the elements in the program of the "four modernizations"—agriculture, industry, science and technology, and defence unambiguously.

It is for this reason that the Chinese are bent on contemplating the possibility of acquiring military equipment from the West. Although General Hua is insistent that the Chinese would not be going around the world for military aid, he also says that he did not rule out cooperation with the West on the basis of "mutual defence".

The countries

West are now faced with the need to reassess their attitude towards military operations with the P. Republic. This is not a new thing. It is a development of a variety of alliances—such as a billy is dismissed by Chinese. They do, however, regard the Soviet Union as the common enemy, a recent diplomatic act of Chairman Hua is clearly that the Chinese theory of Soviet imperialism and their aggressive nature is a major factor in their foreign policy.

It is, of course, to argue that a policy assisting the Chinese build up their military base and to modernize Armed Forces might lead, in the long run, to a danger at least as great as any which now comes from the growing military of the Soviet Union. However, a choice between two evils is a choice.

The Chinese people that given the nature of Soviet foreign policy, world war is inevitable, they say, be it if China and the remain strong and in the face of Soviet imperialism.

As one Chinese leader it to me in Peking: "Important that the West should fight together. You Europe must look after head, while we in the look after the tail. Although this may be somewhat unfair division of labour, the at least, is clear."

Western technology gears the great march forward

by Melinda Liu

The unveiling of an awe-inspiring modernization programme has high-lighted China's economy since the fall of the Gang of Four. Inevitably to transform China into a modern economic power by the year 2000, the scheme calls for a forced march towards agricultural mechanization, industrialization and the modernization of science and defence.

By reversing policies supported by the disgraced Gang of Four, the programme reflects the present leadership's realization that China's previous reluctance to accept foreign help and technology has produced an unacceptably slow rate of progress.

Chinese officials blame the gang's policies for the economic stagnation from which China is now slowly emerging. In the two years since the gang's purge, industrial production has shown significant improvement, although agriculture has far from recovered.

According to Peking, the gang sabotaged the original draft of the current 10-year plan (1976-85) after its inception in 1975. After the gang's fall, the plan was revised and revised. This was disclosed publicly by Chairman Hua Kuo-feng during the National People's Congress this February.

The great ambition of the scheme is evident in Chairman Hua's call for the completion by 1985 of 120 main industrial projects, including 10 oil and gas fields, 10 iron and steel plants, nine non-ferrous metal complexes, eight coking projects, 30 power plants, six trunk rail lines and five harbour and port improvements.

Steel target to be doubled

Although he did not outline specific targets for all sectors, Chairman Hua said the target for the average annual growth rate in the gross value of agricultural production in 1978-85 is between 4 per cent and 5 per cent. The target for industrial production growth is 10 per cent, with recent reports suggesting that this goal may be raised after the 24 per cent industrial output growth registered during the first half of this year compared with the same period in 1977.

In steel, Peking plans a 1985 target of 60 million tonnes, more than double the present annual output. For grain, which represents the bulk of China's agricultural production, the goal is 400 million tons, an increase of more than 40 per cent over present production.

To reach these goals, Peking has sanctioned explicitly the introduction of foreign technology and equipment through external trade, a policy which has triggered a prodigious foreign shopping spree. So far this year China has committed itself to buy plant and equipment worth more than \$5,000m, and the total bill will run in well over \$20,000m by 1985.

Many of China's recent capital equipment purchases are included under the Japan-China long-term trade agreement signed earlier this year. The eight-year pact outlined the exchange of about \$10,000m of crude oil and coal for Japanese technology, plant, construction materials and machinery of equal value. Recently, Chinese officials suggested that the value of the exchange be doubled. China is relying on its petroleum industry to generate substantial export revenues which will help to finance the overall modernization programme. The con-

sistently high priority placed on this industry was reflected in the steady import of petroleum exploration and drilling equipment in 1977, when China's import of general machinery and mechanical equipment actually showed a decrease from the low 1976 level of about \$1,500m.

During the first half of 1978, overall petroleum output showed an 11 per cent increase over the same 1977 period, according to official Chinese reports. Crude oil output in 1977 is estimated at 92 million tons.

Although Peking has not specified its goals for the petroleum industry, its avowed aim to discover 10 more oilfields like Tachang, China's biggest oilfield, implies the location of new crude oil reserves of at least 4,000 million to 5,000 million tons. This is equivalent to prevailing estimates of China's total onshore reserves.

The pragmatic leadership in Peking has identified the iron and steel industry as a "key link" in the country's economic modernization. Steel output in 1976 dropped 15 per cent from the previous year because of industrial slowdowns, coal and iron ore shortages and power blackouts—disruptions now blamed on the Gang of Four. Despite a gradual recovery last year, total production increases

then registered a mere 12 per cent growth on the dismal performance of 1976.

During the early part of this year, the official Chinese press reported some very large increases in steel output and mid-year statistics showed increases of 67 per cent and 60 per cent for steel and rolled steel respectively in comparison with the same 1977 period.

Steel output last year is estimated at 26 million tons. With a goal of at least double that by 1985, Peking recently contracted with a Japanese company to import a complete steel plant, valued at nearly \$3,000m, to be constructed near Shuang-shi in 1981. In addition, China is negotiating with Japanese and Western companies to expand and refurbish existing facilities.

Disrupted by Tangshan earthquake

The steel industry's marked improvement this year is partly attributable to the recovery of the Kailuan coal complex which was severely disrupted by the Tangshan earthquake which rocked north-eastern China in July 1976. Kailuan is the country's largest and most modern coal-producing cen-

tre and an important source of high-quality coking coal.

Inadequate supplies of high-grade coking coal and high-grade iron ore are still weak points in the steel industry. China now imports pig iron and steel, and this may rise over the next few years despite increased domestic production, to meet the heavy demands for farm tools, mining equipment, military hardware and local services such as railways and power plants.

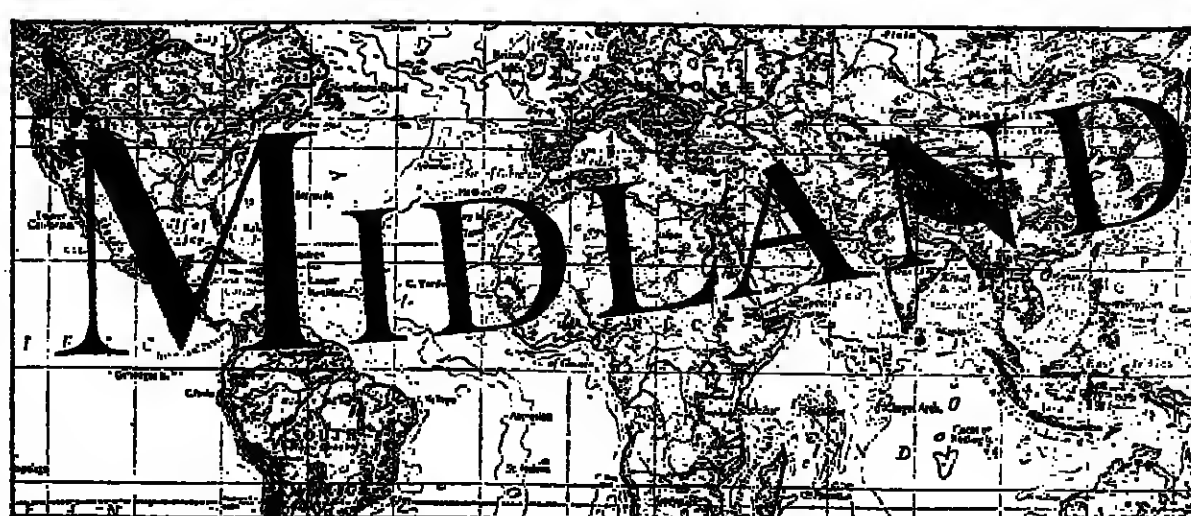
Despite the increasing substitution of hydrocarbons for solid fuel in China's energy sector, coal is expected to remain its critical role for the coming decade. Statistics for the first half of 1978 showed a 19 per cent increase in coal output over the same 1977 period, compared with the overall 1977 increase of 10.2 per cent. This should mean improved coal supplies for power generation and other industries which experienced shortages throughout 1977.

Western technology and equipment will apparently be significant in improving coal production. The aim is to double the 1977 output of 500 million tons by 1987. This year Peking has not only made significant coal-mining equipment purchases from abroad, but also asked British companies to design, continued on facing page

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Peking's greatly improved relations with a number of countries and regions and its record in the United Nations are examined on this and the following three pages

سكذامن الإمل

Britain: closer links forged than at any time in history

Richard Harris

Relations with China have been better than ever before. The coming visit of the Chinese Premier, Mr. Hua, on October 10 is evidence; the eagerly awaited visit of Chairman Kuo-feng underlines it. The point is worth noting that relations are better than at any time in the past, not merely since the Chinese revolution in 1949, but since the beginning of the century. In January 1950, Britain was the first

major Western power to recognize the new government, its people had to take the rap of the suspicion that survived: the British were asked to send a "negotiating" mission to Peking to discuss diplomatic relations. And what with one thing and another, which included the Korean war and Britain's willingness to go part of the way with American containment of China on one side, and the burning of the British mission and assaults on its staff in Peking in 1967 on the other, Britain's first ambassador presented his credentials only in 1972.

Since then things have gone much more smoothly. There was a loss of confidence by China in the British economy in about 1975, so that we sank

to the bottom of the Western list as the country for buying large industrial plants, but last year has seen that loss of confidence restored so that trade relations, too, are happier than at any time in the past.

Exchanges between the two countries, whether commercial, cultural or political, have increased notably in 1978. Leaving aside the trade, scientific and technological delegations, one may instance West Bromwich Albion and British Museum art conservators in one direction, Liaoning acrobats and librarians in the other. That does speak for a certain variety and broadens the opportunity of seeing a foreign country. Delegations from China are less cautious and stiff, more relaxed and

communicative than before. Naturally the Chinese are seeking knowledge that will propel their economic growth; these delegations are more purposeful and better directed. In the past, however, China needed encouragement to send delegations and tended to leave all arrangements to their British hosts. This is the kind of error a totalitarian government makes; since the central Government does everything it is assumed that foreign governments exercise equal authority all over the country. This error has been corrected with more direct contacts between the Chinese and the British they want to meet.

British delegations to China do not equal the Chinese ones coming here in

number. But where things are to be learnt from the Chinese Britain is not backward. The art conservationists are an example, since the Chinese have developed techniques of their own: fresh water fisheries are another, since for centuries China has probably led the world in fish farming.

Far more students from China can be expected, probably between 500 and 1,000 will come to Britain before long, not only studying the language but in various other scientific and academic areas. For a long time English has been the first foreign language taught in Chinese schools; these studies are also now being expanded.

Where the British have a complaint is over Chinese reluctance to provide for

sinologists and journalists who want to study any aspect of Chinese culture, history or current developments. Both Chinese tradition and the instinct for reciprocity are impediments in this. Since 1949 there has been a reversion to the Chinese habit of admitting no foreigners but approved guests. In the past the idea that anyone could travel about China studying what they liked at will was intolerable, though a weak China had to concede it to determined foreigners for the greater part of a century (with no impediment but transport, warlord armies or bandits).

Although China has had an exchange programme for British university students reading Chinese there is not much door opening for

others. And the Chinese do not think that their post-graduate students should be interested in the Norman conquest or British political institutions. The British Association for Chinese Studies is pressing for a small number who might spend a few months or a year doing research attached to appropriate Chinese bodies and has added the suggestion — already an American practice — that all delegations going to China should be accompanied by a Chinese-speaking specialist who can fill in the cultural background and give warning against error to those new to the East, let alone China.

At the upper political levels — official or otherwise — visitors from Britain to China have increased greatly.

In the corridors of Westminster, "Have you been to China?" is a question that gets an apologetic negative. Over the years it has often been remarked, however, that Conservatives seem to be keener on the voyage than those in the Labour movement. Partly this was because, in the years after the war, the left had been associated with the anti-colonial cause and took most interest in those countries that were becoming independent after years of British rule, whereas Conservatives were drawn rather more to China and Japan as self-contained, reserved, distinctive civilizations requiring studious effort to be understood. Mr. Heath's interest in China is only the most obvious example of this. But in recent years one

has also to allow for Chinese suspicion of the Labour Party since it has in its midst a surviving pro-Soviet generation and a diffused sympathy with the Russians that is a hangover from the 1930s and 1940s. But this, too, may be said to have changed. The Chinese doubts of the Government of Mr. Callaghan have been discarded; the visits in recent months of Mr. David Ennals and Mr. Edmund Dell have been successful. It may be assumed also that their more active diplomacy the Chinese are better informed on British politics than they once were. The evidence now seems to be that they think friendship with Britain may be pursued with equal confidence whether a Labour or a Conservative government is in office.

Western technology gears the great march forward

tioned from facing page trust and equip two as in north-east China nominated Britain's Coal Board to act as an advisory authority on use of construction and movement projects. Despite impressive gains in 1977 and a mid-year increase in 1978 of 17 per cent over the same period year, China's electric power industry is still identified by Peking as a weak link in the nation's economy. Power generation has been pressed to meet the growing industrial and agricultural needs. The use of hydro-electricity, the main method of edging China's power

contrast to a steady industrial recovery reported Chinese officials, the country's agricultural performance since the fall of Gang of Four has been disappointing. Almost all of the agricultural regions suffered drought or floods in 1977, resulting in a 5 per cent decline in output, including soybeans, compared with 1976. The poor 1977 harvest was offset by increased domestic import of wheat, corn, soybeans and soy

bean oil and lower than expected rice exports. So far this year, provincial radio broadcasts have reported an unusually serious drought in several agricultural areas; some have had no rain since the end of June. Moreover, reports statistics on industrial and agricultural output in terms of quantity, it has increasingly disclosed percentage increases in certain sectors.

The absence of official mid-year statistics for agricultural production in 1978 implies a less than satisfactory performance, perhaps even a decline in some crops compared with last year. China's farm problems also underline the continued serious shortage of industrial input to boost agricultural production. The importance of efforts to import foreign agro-technology is apparent in Peking's recent decision to increase its allocations of foreign currency funds to local production units to buy equipment from abroad. Peking has also delegated greater authority and incentives to provincial officials to boost production of export goods. In addition, more than half of China's workers received wage increases last year; factories

are increasing the use of bonus incentive schemes in increasing production, and both foreign and domestic goods are more available now than during the reign of the Gang of Four.

These initiatives provide concrete evidence of the current leadership's avowed commitment to raise the Chinese standard of living. This has played an obvious role in Peking's willingness to make full use of foreign equipment, technology and even capital since the fall of the gang, although China has yet to take direct loans, it has significantly increased its indirect borrowing by accepting long-term deposits in the Bank of China placed by foreign banks. After his trip to Peking in August, a source close to the mission led by Mr. Edmund Dell, Secretary of State for Trade, said: "The present leadership sees a need to produce rapid results compared with the previous regime and therefore needs the foreign input which may have been avoided before. That is the main political fact." During Mr. Dell's visit to Peking, Chinese officials indicated optimistically that Sino-British trade may more than triple or quadruple in the next few years.

by Dinah Lee

A high level delegation of EEC bankers and industrialists now in Peking informed the Chinese Foreign Minister this week of the decision to lift trade restrictions on about 20 Chinese export items as a first step in implementing the April trade accord between the EEC and China.

The decision is not particularly dramatic considering the nature of the products: but it marks an end of three years of slow and interrupted talks. It signals the beginning of real trade. These talks began when Sir Christopher Soames, then Vice-President of the Commission of the European Communities, met Chou En-lai in a Peking hospital, where the Premier lay ill, to discuss the establishment of official relations between the EEC and China. But China's support for the Community went back to the time of the United States-China détente and the Nixon visit in 1972. China then recognized the Community as a possible counterbalance to the hegemony of the two superpowers, and as a complement to Mao, although they knew that the effective influence of the two groups

was hardly comparable. In addition so long as relations with the United States remained untidy, Western Europe offered alternative sources of much-needed technology and foreign currency.

The presentation of Mr. Li Lien-pi's credentials as Ambassador to the EEC in September 1975 was followed by plans to negotiate a trade agreement replacing expired bilateral agreements between China and some of the EEC members. Exploratory talks slowed, however, from April 1976 onwards, presumably because of internal upheavals in China's political circles. After talks picked up again in February 1977, EEC members learnt in Brussels from Mr. Pu Ming, General Director of the Bank of China, that it was China's hope to bring the Community's level of trade with China up to that of Japan, China's foremost trading partner. A reciprocal mission to Peking the next month from Mr. Li Chieng, Minister of Foreign Trade, on China's awesome and ambitious plans for technical advancement. By September last year the commission had prepared a draft mandate for negotiations and in April this year both parties signed a non-

EEC: what have they got that we want?

preferential framework trade accord lasting five years and containing all the usual clauses, including most-favoured-nation status for both sides. The signing of the accord marked the beginning of closer questioning of possible financing methods, member cooperation, and which steps should be taken first in implementing the new accord.

The lifting of trade restrictions under discussion in Peking is considered a start of sorts, the nature of the products—including types of wood and leather, garment trimmings and products made from tar—point up the Chinese lack of any products of high value or volume to sell to Europe to balance trade. About half the Chinese sales to the EEC (amounting to 0.5 per cent of total Chinese exports) is of foodstuffs and textiles. It is not likely that the quota of imported cloth from China to Europe will be increased markedly in the present protectionist atmosphere, and China faces competition from other suppliers in the foodstuffs market. They may develop trade in raw materials such as tungsten, manganese and antimony, but these account for only 2 per cent of Chinese exports

to the Community. On the other hand, 90 per cent of the Community's exports to China (0.8 per cent of total EEC exports and one-fourth the size of Soviet Union-EEC trade) is made up of machinery, industrial equipment, transport equipment, other manufactured articles and chemical products.

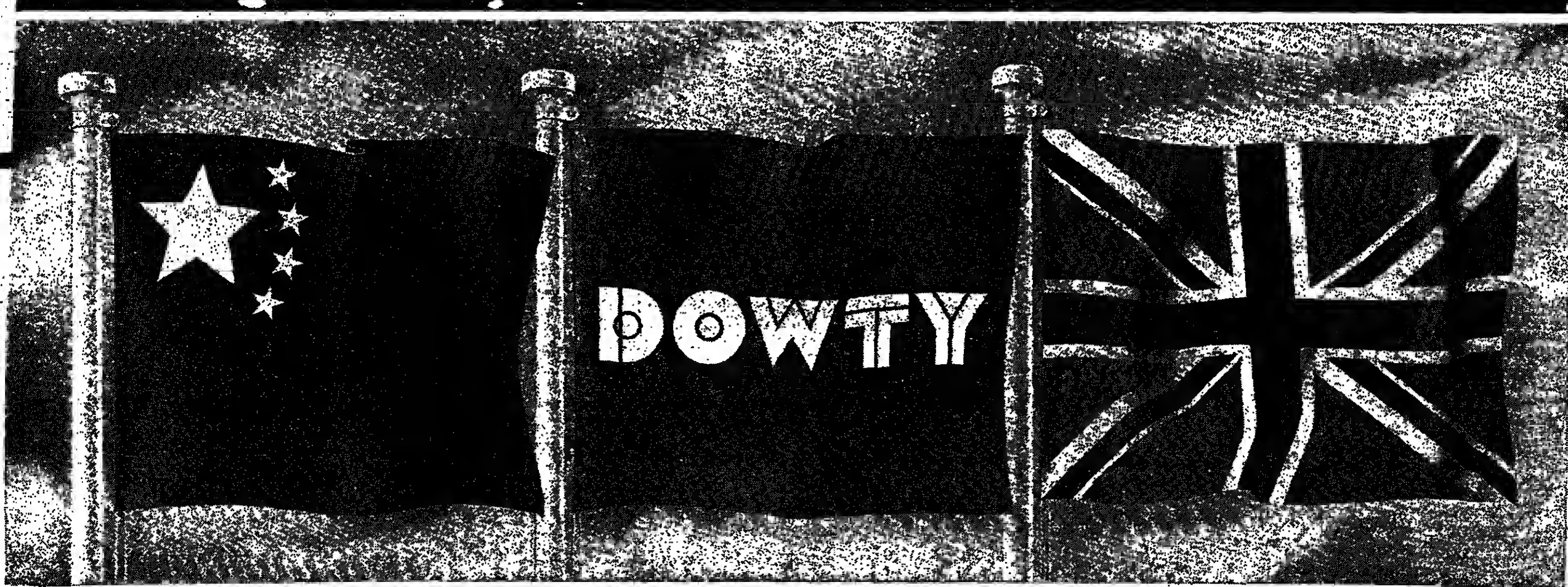
And the Chinese want more of them. Europe has seen this spring an unprecedented flush of eager technical delegations touring a well-worn circuit of European capitals. Although Britain has won some important rounds in the game to sell technical knowledge to the Chinese with various large contracts and the hope of financing equally substantial deposit facilities and buyer credits to China, the competition between the highly industrialized members is keen. Politically the Chinese emphasize support for the EEC and hope for its increased growth and improved internal unity, but they still view each member as a separate economic entity. EEC members hope that Sino-Japanese trade has levelled off, and that they will be encouraged by incoming Chinese orders to catch up. The third bidder for Chinese technology sales

is the United States, which has shown signs of increased flexibility in selling sensitive items to the Chinese. For example, last May, after a visit by Mr. Zbigniew Brzezinski, the President's national security advisor, to Peking, the refusal to sell the Chinese infra-red scanners for geological use was suddenly reversed. Nevertheless, the Chinese will continue to see the United States only as a residual supplier until diplomatic relations are established.

If it appears to be Europe's hour in trading with China, it is also clear that no one European country can fill the chasm of technical need of a China intending to triple its steel output to 60 million tonnes, develop 10 iron and steel complexes, eight coal mines, 10 oil and gas fields, 10 power stations, six trunk railways and five harbours by 1985. Although multi-country contracts between China and European countries are nothing new, most of them rested on one prime contractor. Financing was limited to the use of supplier credits or very occasional short-term borrowing on the London-Interbank market. The possibility of an EEC consortium of equal partici-

ners doing business with China now seems greater. The financing arrangements are infinitely more flexible since China announced at the end of June that it would take advantage of all forms of conventional borrowing, as well as other forms not entailing direct borrowing from export-producing countries. The recent deal with the British firm Powell Duffryn and the coal board included the use of buyer's credit, until now unacceptable to the Chinese.

At least 12 banks have submitted deposit facility agreements to the Bank of China in London and the Chinese are expected to reach a decision in favour of the leaders Warburg, Lloyds Bank International and Standard Chartered some time in October. An overseas trade commission from the EEC will visit China this autumn, and a one-day seminar for 200-300 delegates will be held in London in January to examine China's communications and services, railway construction, metallurgy and extraction industries, and current processing methods, under the auspices of member countries' China trading organizations (in Britain, the Sino-British Trade Council). Chinese officials have also been invited to partici-



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Workers in the rayon factory at Ting Chow commune near Canton.

Japan: loving thy neighbour

by Richard Harris

The year 1978 may justly be acclaimed as the most important in relations between Japan and China since 1945. It brings to fruition the long-delayed initiative by Mr Tanaka in 1972 when he went to Peking in the wake of the Nixon visit and established diplomatic relations with the People's Republic.

This put an end to years of hesitation when Japan's chosen "low posture" in international affairs had made governments in Tokyo quite unwilling to accept American policy towards China; since 1972 this has changed not only in respect of China but in the Arab world after the 1973 oil crisis.

But the treaty of peace and friendship was a long time coming. The "hegemony" clause was dropped and when the Japanese looked like accepting compromise early this year they had to face a barrage of

anger and threats from the Soviet Union. But eventually the treaty was signed in August and for the first time in the history of relations between Japan and China the two countries were genuinely treating each other as equals.

At the time of its signing most interest fastened on China's apparent advantage in winning Japan to its side against the Soviet Union. The Japanese have always denied any such intention and Russian anger at the signing will probably die down. The treaty has a long-term importance unrelated to the triangular power competition. Both countries must be aware of this. It puts an end to one period of history in the two countries' relations and sets the course for a new one.

Moreover the peace and friendship treaty was preceded in 1978 by an agreement that was hardly less important. In Peking in February an eight-year trade agreement was signed under which two-way trade between China and Japan would attain a level of about \$20,000m over the whole period.

This agreement had followed a year of private negotiations by a group of Japanese business leaders led by Mr Yoshitaka Inagaki, head of the Nippon Steel Corporation. The aim was to ensure security of supplies throughout a period of mutually balancing trade. Japan for some time has been China's largest trading partner and is likely to remain so. Certainly this gave a fillip to the signature of the treaty of peace and friendship six months later.

Then what may we now expect of Sino-Japanese relations? The question is not easily answered because both countries are still discovering what their attitude to

such relations is. They are unlike the relations that either country has with any other powers of comparable size and importance. This is because both countries have a strongly developed sense of what is "foreign" or "outside"—the words are identical in both Chinese and Japanese usage.

Both countries have lived for so long within their own enclosed worlds; neither regards the other as falling into the foreign category. Throughout the whole of Japanese history China has been the most important and longest known neighbour.

After half a century or more of Japanese aggression ending in the war, and followed by the lack of governmental contact until 1972, both have to find their way. There is some mutual suspicion, coupled with a knowledge of cultural affinity and a lack of awareness of

each other's current thinking. To most Japanese, China is not simply a communist country, nor simply a capitalist one most Chinese.

But there is no doubt that China under Mao is a difficult country for Japan to come to terms with. Under Chairman Hua we may find it much easier. China's economic growth is the Japanese an ample challenge psychologically, from mutual trading at times.

It seems likely that Hua's China will be less ideological. In particular the great differences between China's economic backwardness and Japan's advanced will be some narrowed in the next decade as it has not been in the past three. A Japan in the West in the economic first division finds China less exacting easier to get on with.

US: Peking prepared to make Taiwan concessions, Washington believes

by David Bonavia

A series of hints and signals from Peking suggests that the Chinese leadership is prepared to make certain concessions to the United States over the issue of Taiwan. The intention evidently is to follow the recent peace treaty between China and Japan with a new diplomatic coup to block Soviet global expansion.

The first big hint came three months ago when a United States congressional group led by Mr Lester D. Wolff was told by Mr Teng Hsiao-ping, the vice-chairman, that the Chinese Communist Party had in the past twice succeeded in collaborating with the Kuomintang (nationalists) and could possibly do so again. This remark was later repeated by Mr Li Hsien-shen, co-vice-chairman, to a Japanese visitor.

There have been other signals since then. During the recent opening of diplomatic relations between China and Libya, Peking for the first time did not insist on a specific statement that it is the only capital of all China. This should not be taken to mean any abandonment of Peking's claim to sovereignty over Taiwan—only a willingness not to labour the issue.

In further concessions, view agreements with the

Thai International is expected to be allowed to continue flying to Taipei even after the opening of new service to Peking. This is an advance over the arrangement with the Japanese, who had to use the old airport of Hamedia for their Taiwan flights, even after the opening of the new airport at Nantao.

In Britain's case, the links between the Hongkong-based airline Cathay Pacific and Taiwan have so far stood in the way of an agreement to let British Airways fly to Peking.

Apart from continued aviation access to Taiwan, what could Peking offer the United States in return for rapid moves towards the establishment of a fully-fledged American embassy in Peking? China is still adamant on its three demands: that Washington must break diplomatic links with Taipei, cancel its defence agreement and withdraw its forces.

What has worried the Americans most is that if they did this, and Peking decided to invade and "liberate" Taiwan, America's prestige and credibility around the world would suffer yet another blow. Taiwan has many friends in America, who view agreements with the

Chinese Communists as a national self-out. To forestall the possibility of an invasion—which the Chinese say they still retain as an option at their own discretion—it has been proposed that recognition of Peking should be accompanied by a unilateral statement on the part of the United States president that America retains an interest in the keeping of the peace in the Taiwan Strait, or some such formula.

Now it looks as though the Chinese might be prepared to let the United States go on trading actively with Taiwan and maintaining cultural and other links (diplomats for the United States liaison office in Peking are still mostly language-trained in Taiwan).

There might also be a tacit Chinese agreement to stop talking about the "liberation" of Taiwan by force, and perhaps a secret assurance that this was not Peking's intention. Such an operation is almost impossible militarily anyway, considering China's security problems with Vietnam and the Soviet Union, and the strong air force which the Americans propose to leave behind in Taiwan.

Recent unofficial reports from Washington have suggested that President Carter may be aiming at normalisation early next year, and

that an agreement to this effect was reached during last May's Peking trip by Mr Zbigniew Brzezinski, the national security adviser. If this scenario works out, the United States would probably be prepared to desist from making any unilateral statement about peace and security in the area, which the Chinese see as an interference in their internal affairs.

The Taiwan regime is becoming increasingly nervous, as its last diplomatic partners fall away. Saudi Arabia, one of its best backers in recent years, is thought likely to follow Libya in establishing relations with Peking, while maintaining fairly strong economic links with Taiwan.

Although the attitude of Taiwan officialdom is as rigid as ever, there are undoubtedly people there who believe it would be advantageous to follow up the Peking leaders' offer of fresh talks. While China is so anxious to solve the problem soon, it is possible Taipei would get better terms for itself, as some kind of autonomous part of China, than in the future when attitudes may harden again.

Why should Peking be so apparently keen to solve the Taiwan problem now when it has not budged an inch over it since the signing of

the famous Shanghai communiqué with Mr Richard Nixon in 1972? Trade, technology, military needs seem to be the answer. The Peking dersh is embarked on a programme of economic technological growth ambitious that it will hold back seriously if the United States, the powerhouse of world capital technology, continues to be excluded.

Chinese educational authorities have already started the sending hundreds of students to America to learn, as the forefathers did, the advanced science and technology. Sending students to Europe and Japan is a partial substitute, but it is America that Peking really has its eye on.

Fresh purchases of American grain, for the first time in two or three years, may signal China's willingness to trade on a large scale with the city of capitalism, and it is likely that American companies will soon be invited to help to explore petroleum resources off China's coast.

Most important of all, China cannot buy all advanced weapons systems it wants from the West. The United States opposes such sales.

Economic progress is priority

continued from page 1

whole education system in China has reverted to the standards of the past; examinations for all, entry by merit rather than parent's class or through political activism. Work-study is being allowed to lapse. This lays the ground once again for the kind of career that could be envisaged in the 1950s but has not been possible for the past 15 years.

There is a more sensible attitude to literature and the arts and a greater readiness to look objectively at China's past. Confucius has been rehabilitated as a classical figure. The "rightist" label has been removed from all those who suffered in the "hundred flowers" campaign after 1957. Almost all the prominent men at the top of the party who suffered in the Cultural Revolution have been rehabilitated, too, many of them posthumously, as in the case of the famous writer Lao She. So has China turned the corner to a freer society?

The answer remains a definite no. The totalitarian bureaucratic society shows no sign of questioning its righteousness nor the Communist Party of doubting its right to dominate. Dissent in some forms is a left-over from the last decade of Maoist turbulence. Some means of giving expression to it now exist where they did not before.

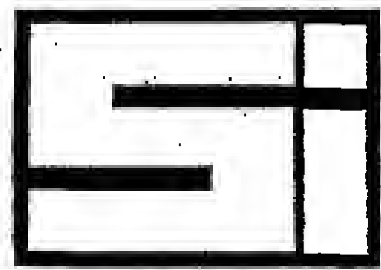
But first it must be explained that the campaign against the Gang of Four has ended. It was conducted with just the same blind zeal and indifference to precise charges and readiness

to pile iniquity upon iniquity to the point of incredulity as were the campaigns against Lin Biao and before him against Liu Shao-ch'i.

That probably means that the top-ranking sympathizers of cultural revolutionary extremism have been removed from power. Below them, in perhaps several thousand provincial and district posts, there are those who rose to power during and immediately after the Cultural Revolution, who disclaim any association with the Gang of Four and who only follow true Maoist revolutionary tenets. They have resisted dismissal and most probably be lived with.

Then there is the disappointed younger generation of Red Guards sent to the countryside and the many others deprived of higher education who have also been moulder as disappointed peasants or have sneaked back to an urban underground life. What their feelings are has been amply revealed by those who swam to a new life in Hongkong some years ago.

How can these disappointed young be made content and loyal? There are some grounds for thinking the practice of putting up political manifestos in the form of wall-posters has come to stay. Perhaps, too, in his failed attempt to create an even more loyal, incorruptible, dedicated, firmly revolutionary Communist Party in China, Mao succeeded in sowing only the seeds of democratic liberty. We cannot tell what ideas may be germinating under the surface in China today.



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Africa: towards a more moderate revolutionary profile

Chris Taylor

before China led of a moderate at home, its revolu- tion had waned in the new seemed hard to see in the years of decoloniza- tion. The West appeared alarmed about Chinese machinations in Africa than what Moscow was up to.

revolution in that continent were exceptionally favourable. If Westerners had stopped to think, they would have realized that China lacked the means effectively to foment the revolution which Chou preached.

One of the many paradoxes about Peking's involvement in Africa is that while it has provided guerrilla training and arms to some movements, its civilian rôle has been arguably the more significant. In Russia's case, its rôle as an arms supplier has been more decisive than its peaceful work.

In view of its former reputation for subversion, it seems ironic that China now largely supports the same African regimes favoured by the West. The most curious example is Zaire, one of the countries with the least "progressive" images in Africa.

On one level, the Chinese are keen to back any state which is anti-Soviet, but it is not quite as simple as that. While China cannot claim to have any African government ideologically aligned with it in the way that Angola is with the Soviet Union, it has positive links with a number of states which some Western commentators claim are close to Moscow. Mozambique is an example.

China still benefits from connections made when it helped nationalist guerrillas in their fight against the Portuguese, although in the case of Angola it turned out to have backed the wrong movement and become strangely found itself sharing similar interests to South Africa in opposing the Soviet and Cuban-supported MPLA (Popular Movement for the Liberation of Angola).

President Nimeiry's anti-Soviet stance in Sudan also favoured the Chinese as well as the Americans. President Sadat, the Americans and the Chinese were all pleased when Somalia expelled its Russian advisers.

China's aid record, particularly since the Cultural Revolution, has helped to reinforce existing governments. The biggest project so far is the Tazara railway, which runs 1,162 miles from

the Zambian copperbelt to Dar es Salaam. The Chinese got this contract after first the World Bank and then the Russians had declined to build the line. But the Chinese have usually concentrated on less spectacular economic assistance, leaving such undertakings as steelworks to the Russians. Chinese teams have worked on ports and roads and have set up labour-intensive industries such as textile mills and shoe factories. They have helped with health and agriculture, including livestock and insect fly control schemes.

Unlike the Russians, the Chinese are good customers and are able to present themselves as people from a poor agrarian society whose experiences are relevant to the largely poor, agrarian countries of Africa. While the Russians have a reputation for wanting to live in the best villas and of being as arrogant as the old colonialists were, the Chinese are diplomatic and willing to live in rudimentary accommodation.

Australia: fostering better relations

Douglas Aiton

In 1972, when the all-Party coalition was coming to the end of its 21-year reign, relations between Australia and China were at their lowest for years, almost non-existent. At that time, the emerging of Mr Whitlam, the Liberal Party leader, found it useful to ally him in the eyes of the extreme and communism, some- times, in retrospect, absurd. At that time, it was fairly common to see many

announced his similar intention. Both men, of course, subsequently went on extended visits to China, and another word was heard from Mr McMahon. Soon after, Mr Whitlam was elected Prime Minister, although not particularly because of this faux pas of Mr McMahon's. It was indicative, nevertheless, of the Australian attitude at that time towards anything Chinese.

After Mr Whitlam, all that has changed. Although it would be ridiculous to suggest that Australians now regard the Chinese with warm and affection, changes at official level have been rapid. Within days of becoming Prime Minister Mr Whitlam made sure that he initiated moves to open diplomatic relations between Australia and China. He managed to achieve this during 1973 and installed Dr Stephen Fitzgerald, a young academic, aged 34, as Australia's first ambassador to China.

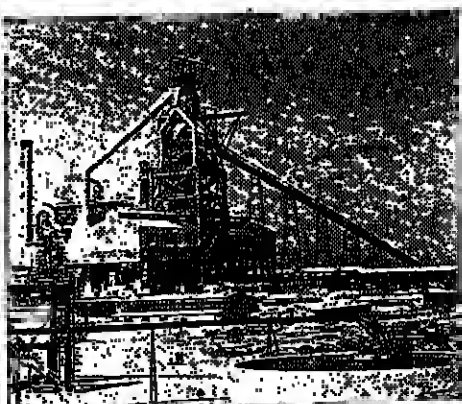
Again, it would be absurd to suggest that China's new attitude towards Australia was to have any effect on world affairs, but at least it took Australia out of the dark ages in that area. The flamboyant Mr Fitzgerald was a dazzling success and quickly established his convincing qualifications for the job.

There was some activity between the two countries at a less official level, which is still developing today. Trade has increased significantly and now it is not uncommon for planeloads of Australian businessmen to visit China for weeks on end. Cultural exchanges have also become established. Last year Australia was host to the Shanghai State Orchestra. Trade between the two countries is not large scale and it is unusual to take one's holidays in

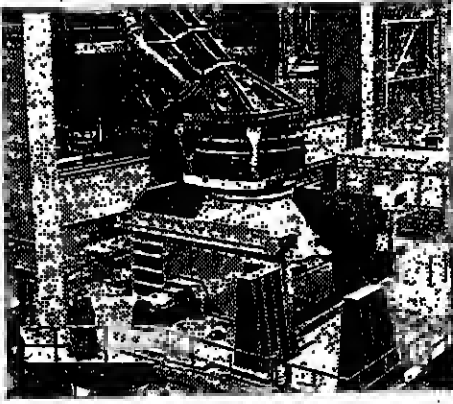


A smile for all seasons by the Gate of Heavenly Peace in Peking.

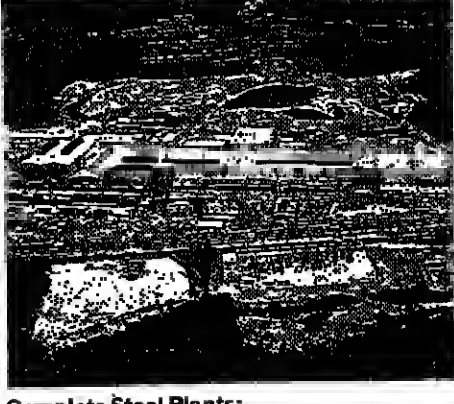
Davy - working for the world



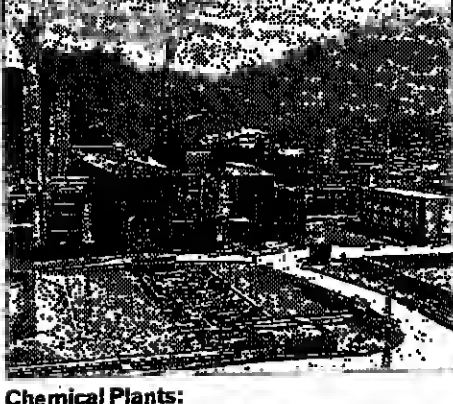
Blast furnaces: Davy is a world leader in iron making plant. This 11.2 metre hearth diameter furnace, part of a £70 million integrated iron and steelworks, completed in 29 months from letter of intent. It is typical of the modern high output furnaces which Davy is building.



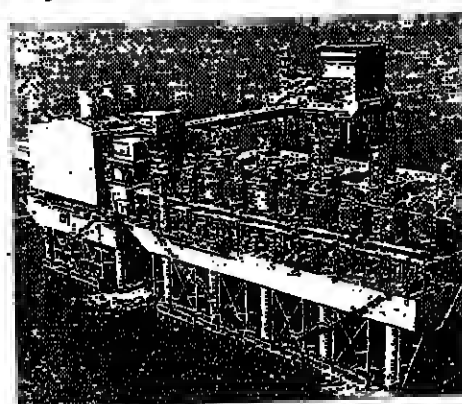
Basic Oxygen Steelmaking: The world's first steelmaking plant designed and built specifically for operation by the OBM process.



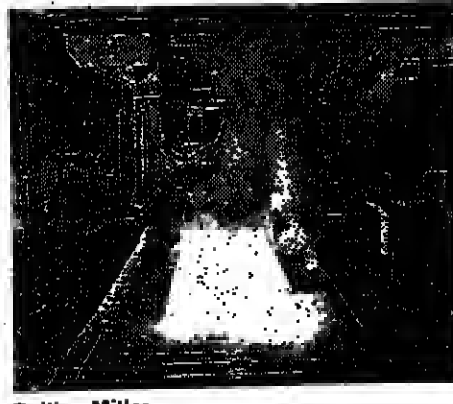
Complete Steel Plants: Davy was main contractor for this new mini-steelworks, incorporating electric arc melting, continuous casting and one of the fastest rod mills in Europe.



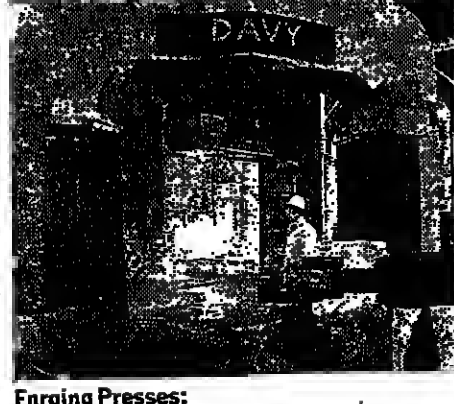
Chemical Plants: 1,000 tons per day methanol plant. In its first 3 days of operation, this plant achieved 80% output - probably a world record. Davy's recent orders include two methanol plants each of 2,500 tons a day capacity, the biggest so far.



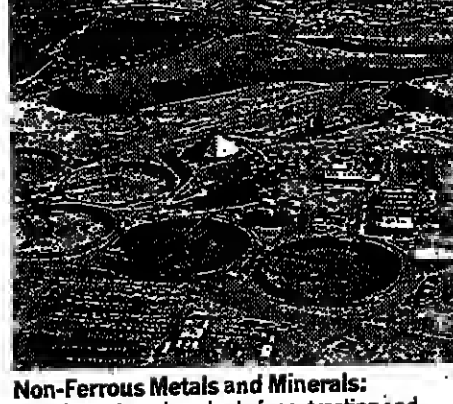
Oil and Natural Gas: Part of the largest secondary oil recovery project of its kind in the world, treating and injecting 300,000 barrels a day of sea water into an offshore oilfield to boost the recovery rate and extend the life of the field. Davy has extensive experience in the recovery, treatment and utilization of oil and natural gas, both on and offshore.



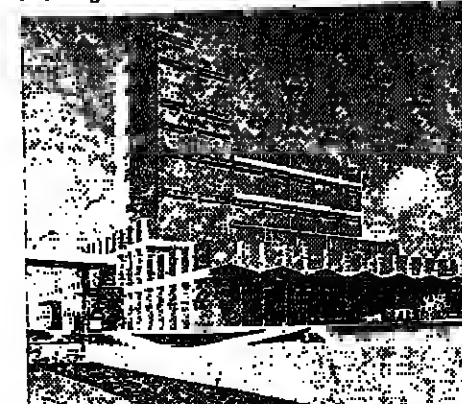
Rolling Mills: Davy designs and builds all types of mills for the rolling of steel and non-ferrous metals. This 3.6 metre wide plate mill is complete with an advanced system of hydraulic gauge control.



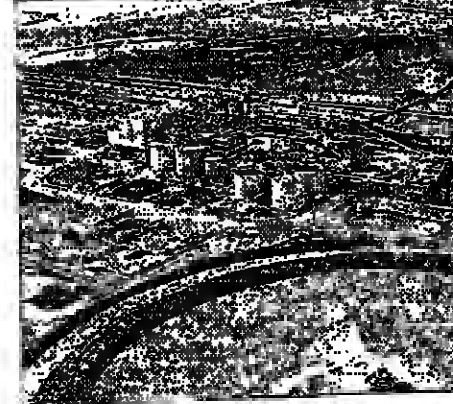
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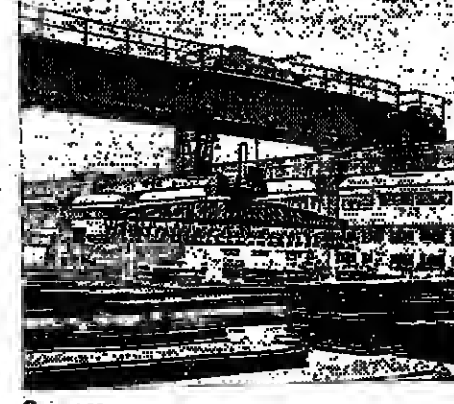
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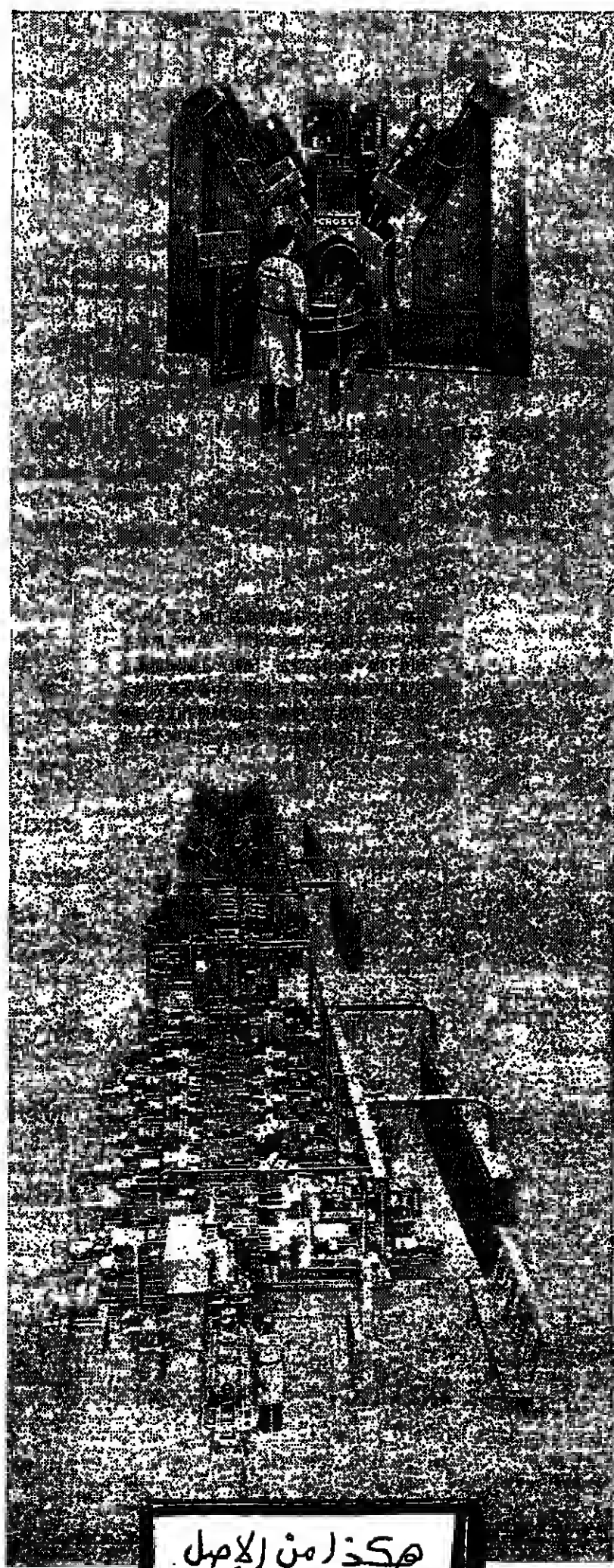
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by Dessa Trevisan

By his ceremonial entry into Europe through Romania and Yugoslavia on August 16 Chairman Hua not only trod on Soviet toes but also on what Moscow regards as its own playground.

Romania is a member of the Warsaw Pact, but one which had won for itself a privileged position of being the maverick. It has kept out of the Sino-Soviet quarrel and has been cultivating the China connexion for almost as long as its own troubles with Russia began.

Always careful to keep within the safety margins, Romania has so far managed to avoid the pitfalls which would have given Russia the pretext to intervene. In spite of the sporadic strains in its relations with Moscow and continuing Soviet grumbles, it has been playing the China card, pushing ahead its independence act and enlarging the area of manoeuvre, step by step.

It has always been a risky game. This time, the risk seems to have been greater than ever and Soviet reactions fierce.

That the Russians were angered by the spectacle of Chairman Hua preaching anti-hegemonism from the pulpit of a country which is formally tied to the Warsaw Pact could hardly have come as a surprise. Even at the best of times the Russians are allergic to China and suspicious of Romania, and at this time when China is moving fast in all directions and making friends all over the world, there is plenty to worry about.

Seen from Moscow, this was not an ordinary job. It was a demonstrative challenge under the auspices of a member of the Warsaw Pact.

Only two weeks earlier, Albania, until recently China's staunchest European ally and now its bitter foe, made the astonishing disclosure that on two occasions, in 1968, soon after the Soviet invasion of Czechoslovakia, and again in 1975, the Chinese leaders tried to lure it into a secret military alliance with Romania and Yugoslavia. Behind China's usual zeal for the Balkans, so the Albanians say, lies a clearly thought-out scheme to reactivate the old Balkan powder-keg, as it is in the Balkans that the Chinese reckon Russia can,

more easily than elsewhere, be provoked into starting a new European war.

The Albanians have their own axe to grind against the Chinese. They were dropped, deprived of all economic and military aid, and worse still, humiliated by the spectacular withdrawal of their troops from the Balkans. They retaliated with spite and vengeance, but they may not be far from the truth when they say that China is set on changing the pattern of European politics, and on challenging Russia on its own East European ground.

Whether or not China came to the Balkans to set its nations at loggerheads, it has certainly shown them the benefits which can be reaped from joining in the containment game. On the face of it nothing changed. Neither the Romanians nor the Yugoslavs scruck a military alliance with China. Even the rumoured Yugoslav arms sale which Moscow made a great fuss of in spite of Yugoslav denials, would hardly have made any difference. In contrast to Mr Brezhnev, who on his last trip to Belgrade shocked the Yugoslavs by presenting them with a list of demands, Chairman Hua made none.

He has scored a diplomatic victory whose consequences it is still too early to see. For Romania and Yugoslavia the visit is important as a means of asserting their independence, and although for obvious reasons, Romania is more vulnerable to Soviet pressure and needs to be more circumspect in its dealings with China, both countries have every interest in developing their relations with Peking.

It is part of an insurance policy against the Soviet threat. It increases the price Moscow would have to pay and increases their sense of security. However, it also increases the risks, as it introduces a new element into Balkan politics and sets a precedent which, in the long run, might prove tempting for other countries of Russia's East Europe.

That is clearly what the Chinese are aiming for. The Russians are deeply worried, and although both Romania and Yugoslavia have gone to great lengths in trying to allay their suspicions and soothe their anger with assurances that

the visit was in no way directed against them, their reactions suggest that relations with both these countries are seriously strained.

The immediate Soviet reaction has been to tighten the ranks of the Warsaw Pact and the forthcoming meeting is evidently to be devoted to China. Moscow evidently feels threatened by the Chinese challenge. But it is clearly in a predicament. Short of intervening by force, which seems the least likely option, there is little it can do to punish the two countries without at the same time inflicting more damage upon itself.

One possible option is economic sanctions as Russia is an important partner of both Yugoslavia and Romania. This would hurt, though no longer cripple, but also it would provide an opportunity to make advances, making up for the losses by opening its vast markets to

Yugoslav and Romanian goods.

President Tito in his recent reply to Moscow said bluntly that Yugoslavia, having experienced Soviet economic sanctions in 1948, would never again permit itself to rely entirely on one side alone. That suggested that the Yugoslavs were already prepared should Russia slow deliveries or cut Yugoslav exports as reprisals for the visit it disapproved of. Thus the tangible result of Chairman Hua's maiden voyage to Europe is economic and, as the Soviet ability to satisfy its Eastern European allies' growing demand for raw materials decreases, the temptation to look to China might increase.

Another message from Chairman Hua is that China is ready to help.

The image of a China which is ready to listen and which accepts that each party and socialist country should respect other's positions clearly has ideological implications.

They demonstrate that because Yugoslavia was China is ready to challenge first to stand up to Russia ideologically, no longer as an outsider supporting and relying on Maoist splinter groups but from within the movement, siding with those parties which are challenging Moscow's leadership. The establishment of relations between the Chinese and the Yugoslav Communist Party has wider implications. They are clearly hurrying Moscow as they open the way for Chinese communists to join the ranks of the communist movement and compete with the Russians on ideological grounds.

China has lost pluralism and seems to aspire to becoming the rival centre. This increases the danger for Russia of finding itself supported only by parties which either depend on its finance or are part of its block.

In Yugoslavia, perhaps more than in Romania, the Chinese found a partner because of the similarities of the two authentic revolutions: as China is today.

United Nations: detached support for developing countries

by Peter Stafford

It is strange now to look back on the expectations and apprehensions that were aroused by the arrival of China at the United Nations in 1971. It was the culmination of a long campaign, resisted up to the last moment by the Americans, and was felt to be the beginning of a new era for the organization.

The arrival of the Peking regime to take the China seat meant that the United Nations could now claim to be nearly universal—though the two Germanies were still outside, as were the Vietnamese and the Koreans. The China seat was one of the five permanent ones in the Security Council with the right of veto, and it would now be occupied by a regime which was fully self-confident, as well as representing about a quarter of the world's population.

The possibilities for being either positive or destructive were enormous.

In the event, however, China has chosen neither to take the initiative at the United Nations nor to be disruptive. In fact, it has had little impact on the working of the organization, where much of the running nowadays is done by the countries of the developing world, limited only by the veto powers of the three Western countries, the United States, Britain and France.

China generally supports the developing countries, claiming to be one of them itself and refusing to be considered a superpower, even potentially. But it does so with a certain detachment, without having joined the Group of 77 and without taking a very active part in the intense lobbying and consultations which go on behind the scenes.

The only time that it has really gone out on a limb was

soon after its arrival, when it vetoed the admission of Bangladesh in August 1972; this followed its support for Pakistan in the 1971 war.

The veto was regarded as a setback for the Chinese, since it made them appear to be behaving like a great power when with a little more subtlety they might have avoided having the issue put to the vote. They lifted their veto in June 1974, saying that the situation had changed.

Otherwise the Chinese have been mainly remarkable for their relentless and bitter attacks on the Soviet Union and, to a lesser extent, on the United States. In speech after speech they have denounced the two superpowers, the imperialist and the social-imperialist, and they have made it clear that they regard the social-imperialist as the greater threat.

One of the most spectacular occasions was in October 1973, at the time of the Middle East war, when the Russians and the Americans jointly proposed two ceasefire resolutions. The Chinese denounced this as collusion and at one point Mr Chiao Kuan-hua, the Chinese deputy Foreign Minister, got into such a heated exchange with Mr Yakov Malik, the Soviet representative, that the session of the Security Council had to be suspended.

When the resolutions were put to a vote, the Chinese simply did not take part, a procedural device that they frequently use. It is distinct from abstention, which might be taken as a form of tacit acceptance, and enables the Chinese to be strongly critical of a resolution without having to vote against it, which might create bad feeling among countries which they do not want to alienate. This is the approach that they regularly take on resolutions to send out United Nations peace-keeping forces, to which they have been

opposed since the days of the Korean war, but which they know many of the Arab countries support. It is hardly heroic, but it enables them to avoid being disruptive and unpopular.

The Chinese, therefore, do not exercise the influence they might on some of the main subjects discussed in the General Assembly and the Security Council, such as the Middle East and Africa. But this does not prevent them speaking out sharply in support of the African countries and the Arabs, as the case may be; and they have been particularly critical of Soviet policies in Angola, enabling the Russians to talk in turn of collusion between them and the Americans.

When it suits them, they have been quite ready to hold consultations with the Americans, though not openly. In a recent article on "Behavioural dimensions of Chinese multilateral diplomacy" in *The China Quarterly*, Professor Samuel Kito wrote about Chinese-American talks on two sensitive subjects: the Soviet proposal for a world disarmament conference, to which the Chinese were strongly opposed, and Korea. The Chinese have in fact

been active over the issues that concern particularly. In the before the communist over in Cambodia, for instance, they tried to remove legitimacy from the Lon Nol Government; on Korea, they have ported draft resolutions for the dissolution of the United Nations, and the withdrawal of its troops under its command.

China has also taken active part on a number of specific issues, on the Vietnam at the U Nations conference in the World Meteorological Organization, the Charter of Economic Rights and Duties of States adopted in the General Assembly. It has shown interest in such U Nations agencies as the United Nations Educational, Scientific and Cultural Organization and the International Telecommunications Agency. But in general it appears to see the U Nations as a place for ing in with would-be friends in the Third World rather than throwing its weight about. So while it is quite clear that it is held to no one, and which the Chinese were strongly opposed, and Korea. The Chinese have in fact

New centres open to tourists

by Peter Hopkirk

The list of towns, villages and beauty spots in China officially open to foreign tourists has grown rapidly in the past 12 months from 34 in 1977 to about a hundred this year.

Next year's list, which has just reached Lhasa, includes Tun-huang, with its famous Caves of the Thousand Buddhas; Turfan oasis, with its important archaeological sites; on the old Silk Road; and the Jialu pass, where the Great Wall finally terminates in the Gobi desert.

Many of the newly-opened centres have not been seen by western visitors since 1949 or before, and tour operators to China covet the keenly to be the first to get their groups into them.

Some of the "new" places are first tried out by the Chinese on diplomats, journalists and others living in Peking. The spectacular Yangtze Gorges was first shown to a boat-load of ambassadors last year. This year a group of foreign correspondents based in Peking sailed through them as part of a three-day river trip. Finally, next year, will come the first package tourists.

Every tour operator, it seems, has his eye on Tibet, but there is little sign so far of its being opened to tourists. In 1977, three Peking-based journalists, coming to the end of their tour in China, were taken to Lhasa for a week for what has become the traditional "swan song". However, because of Tibet's great altitude, they were required to undergo stringent heart checks before flying there. During their visit oxygen masks were always at hand.

This anxiety over the risk of foreigners suffering heart attacks must complicate the introduction of tourism to

Tibet if every visitor has first to have a cardiac check-up.

One reason for the sudden opening of so many new centres to tourists is the need to spread the load and prevent the still limited tourist facilities of Peking and Shanghai, which every visitor wants to see, from being overwhelmed. As it is, tour operators say that existing facilities are being stretched to their limit in the effort to step up the number of foreign tourists.

Last year, some 30,000 western visitors, including Japanese, set foot in China. By the end of 1978 a further 45,000 should have been there. Next year's figure is expected to rise to about 80,000. By 1980, as more and more accommodation is made ready, this figure is expected to reach 500,000, of which some 200,000 will be one-day trippers from Hongkong.

Among British tour operators planning package tours to China next year are: Bates (33), Thomas Cook (12), Savoy China Travel (12), Thomson Holidays (10), Dawn Travels (8), Serenissima (3 or 4), Regent Holidays (3 or 4). Some travel agents will arrange, subject to the agreement of the Chinese International Travel Service, for parties sharing a common interest in some aspect of China to choose their own itinerary for a negotiated overall price. However, to obtain the full benefit of a group tour, the party must consist of 12 or more people. One person flies free (though not inside China) in every party of 15.

Dawn Travels of London, which specializes in travel to China, told me: "Such visits need to be planned and negotiated long ahead. Flights to Peking are heavily booked by trade missions, businessmen going to trade exhibitions, package tourists and other visitors."

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Silver returns along the silk roads

Frances Wood

When becalmed off the Indonesian archipelago, a wind immediately arose, carrying him on to Canton. The Franciscans had little success as missionaries, but the Jesuits, who arrived in the fifteenth century, made more impression. It was not quite the impression they desired for converts were few, but Ricci contributed to Chinese map-making and astronomy. Adam Smith introduced the Calikan telescope and Castiglione painted members of the court and helped to design the Garden of Perfection and Light, the Old Summer Palace which was destroyed in 1860 by English and French troops.

European interest in direct sea trade with China grew at the same time as the earliest missionary expeditions. If the Romans wanted to see China, what the Chinese wanted was horses. The native Chinese horses were small but in 120 a Chinese expedition to

Whether or not Marco Polo, sailing off from Venice in 1271, ever actually got to China is very much in doubt. His long account of his work for the Mongol rulers of China and of the cities and splendours of the country was not believed at the time and on account of his inaccuracies and omissions, contemporary historians doubt that he ever got much farther than Persia.

The Portuguese merchants who were the first to establish trading links with China, were looking for spices. These were vital in Europe where meat had to be cured and stored for the winter. The Portuguese sailors who arrived in Macao in 1557, were luckier in their navigations than the earlier travellers like Odoric of Pordenone since a Chinese invention, the mar-

itime compass, had been brought to Europe in the twelfth century by Arab sailors. Unlike the Arabs, the Europeans, in earlier Sino-European trade, the Portuguese and the other Europeans who followed them, were not content to live in China under Chinese jurisdiction but were concerned from the start to establish trading posts and trade from them in conditions that they themselves dictated. The trade led to the disasters of the nineteenth century when gunboat diplomacy protected European trade on the China coast.

The British, later to dominate Far Eastern trade, did not really get going until after 1862 when Charles II married Catherine of Braganza whose dowry included Bombay. From this trading post, the East India Company moved to Canton to organize the shipment of tea and porcelain to England.

The vogue for tea-drinking grew enormously in the seventeenth century and with it the demand for porcelain teapots. The attractions of Chinese porcelain were many; not only was it light and beautiful, the method of production was unknown in seventeenth-century Europe, but it was also cheap since it travelled as ballast packed around the more expensive imports such as tea and silks.

Since there was nothing the Chinese wanted from Europe, tea, porcelain and silks had to be paid for in silver. Attempts were made to stem the outward flow of silver and balance the trade. The first American ship to arrive in China carried a hopeful cargo of things like butter and cheese which have never been to the Chinese taste. The British found an answer, they imported opium from India into China. Opium trade grew enormously despite Chinese legislation prohibiting opium imports and a letter to Queen Victoria in which the opium commissioner Lin Tse-hau appealed to her moral grounds. He threatened to cut off supplies of rhubarb. Two wars failed to stop the opium trade.

There was some ambivalence in the attitude of nineteenth-century Europe to China. This is best summed up in the diary of a ship's captain who noted that he had been too busy unloading opium to find time to read his Bible. Many of the missionaries meant well in opening schools and hospitals but they rarely took the Chinese and their way of life into account. The Chinese, for example, found the Western campaign against foot-binding strange since it was led by wasp-waisted ladies in tight corsets. Despite the well-meaning missionaries, Sino-European relations in the nineteenth and early twentieth centuries were disastrous as a decaying imperial house tried vainly to prevent the European powers from carving China up and plundering.

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Think again about this language

by Annette Lord

When asked what advice he would give a young person thinking of studying Chinese, a leading British sinologist immediately replied: "Think again."

Patience and determination are essential qualities in the aspiring sinologist. Not only is Chinese thought very different from that of the West, but the structure of the language is unfamiliar to the Westerner, being tonal and non-inflected, and using a non-phonetic script. Commercial enterprise and missionary zeal provided the initial drive which led to the founding of British sinology. The first Englishmen known to have learnt Chinese, Lloyd and Plant, both worked for the East India Company in China during the eighteenth century. Neither, however, wrote anything on the Chinese language that has survived.

It was the early nineteenth century that saw the true beginnings of British sinology with the work of three Protestant missionaries, Morrison, Morrison, Morrison and Medhurst. In this initial period, works on the Chinese language predominated, together with translations of important Chinese philosophical texts into English and of the

best known for his English-Chinese dictionary in two volumes and a work entitled *Chinese Dialogues*. His son, Sir Walter Henry Medhurst, held a number of important posts in India and was also a good Chinese scholar.

The first chair of Chinese in Britain was established at Oxford University in 1876. The distinguished sinologist James Legge (1815-97) was its earliest occupant. Legge, who had also been sent to China by the London Missionary Society, wrote many volumes on Chinese including studies of the philosophers Confucius and Mencius, and is famous for his monumental translation of all the Chinese classics.

Herbert A. Giles (1845-1935) served in the China Consulate for 25 years and four years later was elected to the chair of Chinese at Cambridge in 1879 where he remained for 35 years. He wrote voluminously on China and Chinese but his best known work is his Chinese-English dictionary. Giles' books were twice awarded the Prix St Julien by the Académie Française, of which he became a member in 1924. Lionel, his son, also became an eminent sinologist.

Distinguished for his sensitive translations of Chinese and Japanese literature, Sir Arthur Waley (1886-1966) was never a professor of Chinese though he became one of the most famous of British sinologists.

Before 1940 oriental studies other than classical Hebrew and biblical subjects were confined almost exclusively in Oxford, Cambridge and London, and emphasis was on linguistic and classical studies. The Second World War provided a host to the study of oriental languages. A special scheme was introduced for training servicemen mainly at the School of Oriental and African Studies in London. Japanese was taught elsewhere. In 1944 the Scarborough Commission was appointed to look into the state of Oriental, African, Slavonic and East European studies.

Angela Newsome spent 10 months at Liaoning University, Shenyang, studying the language and literature. She describes life, Chinese style

Student tests the temperature

In Shenyang, in China's far north, temperatures in January plunge to -20°C. For days on end a thick layer of ice obscures the view from our windows. Shopping expeditions into town from the university where I was studying had to be planned with all the care of an arctic expedition. We huddled into our padded coats, eyes hidden beneath fur-trimmed hoods and wore gauze masks to keep our breath from freezing.

How very different is life for the foreign student who goes to China for a year from that of the package tourist or official visitor who takes in five cities in 14 days.

For us there were none of those official banquets for foreign delegations which can give such a misleading idea of Chinese life. We ate in restaurants patronized by ordinary Chinese families, in whom the host's most prized possession was his bird's nest soup and snake dinners would represent what oysters and smoked salmon are to us.

Instead we discovered dumplings filled with chopped pork and vegetables, steamed stuffed bread, Mongolian lamb barbecue and Mongolian lamb barbecue. We drank the light and delicious beer and the fiery mao-tai. China abounds in Muslim and minority restaurants, like the Korean one in Shenyang, famous for its sturgeon noodles made from sorghum, lavishly sprinkled with cayenne pepper and soaked in cold vinegar. The floor was so muddy that the waiters wore rubber boots—yet the walls were hung with framed certificates of hygiene and their draught beer was the best in the whole city.

I had cravings, though, for Western food. So in Peking I ate Christmas dinner twice in one day, and on my trip to Peking was complete without an ice cream sundae at the Hsin Chiao Hotel. No doubt we became obsessed with food.

Our lifestyle became more ordinary than a daily routine developed with classes starting at 7.30 am, lunch at noon followed perhaps by a trip into town on a walk round the beautifully preserved gardens at the tomb of the last emperor of Manchuria.

We wore Chinese clothes not only for warmth and comfort, but for a certain anonymity. Well covered up, we attracted less attention and to some extent could escape the crowds which surround foreigners in every

city outside Peking. Summer sent us travelling southward, in the stunning heat of Siem and Loyang, ice obscured the view from our windows. Shopping expeditions into town from the university where I was studying had to be planned with all the care of an arctic expedition. We huddled into our padded coats, eyes hidden beneath fur-trimmed hoods and wore gauze masks to keep our breath from freezing.

There was not much to do in the evenings apart from occasional visits to revolutionary operas and films, and even the brilliant acrobats fell after the eleventh visit. Mostly we stayed indoors with our Chinese roommates, playing backgammon and Chinese chess, and even the most anarchy (such as from that of the package tourist or official visitor who takes in five cities in 14 days).

My greatest privilege, and in some ways my greatest frustration, was sharing a room with a Chinese girl, Hsiao Wang was 5ft 5in tall and 120 lb. She had spent five years on a commune, and three years at the Anshan Iron and Steel Works before gaining a rare university place to study Chinese literature. We often talked far into the night as I tried to describe England to her, and as we compared our very different lives.

In talking to Hsiao Wang, I was frustrated not only by language problems, but by the difficulty of trying to explain concepts which were unfamiliar to her. In describing my occasional need for privacy, I could find no acceptable word for this in the Chinese language.

After four years of Chinese at university, we were well equipped to read documents on the founding of the communes in to analyse Tang poetry, but were quite unprepared for debates with our Chinese counterparts on the conservation of wildlife, or the ideas of religion as a philosophy and not merely superstition.

Yet Hsiao Wang was endlessly interested in the world outside China, and I could not find enough magazines and photographs to satisfy her curiosity.

At times though I felt that hazy Western notions of oriental inscrutability are matched only by the Dickensian misconceptions that the Chinese have of the West. One might think that the recent advent of mass tourism into China might update some of these ideas, as travellers chat with their guides and leave behind their prejudices.

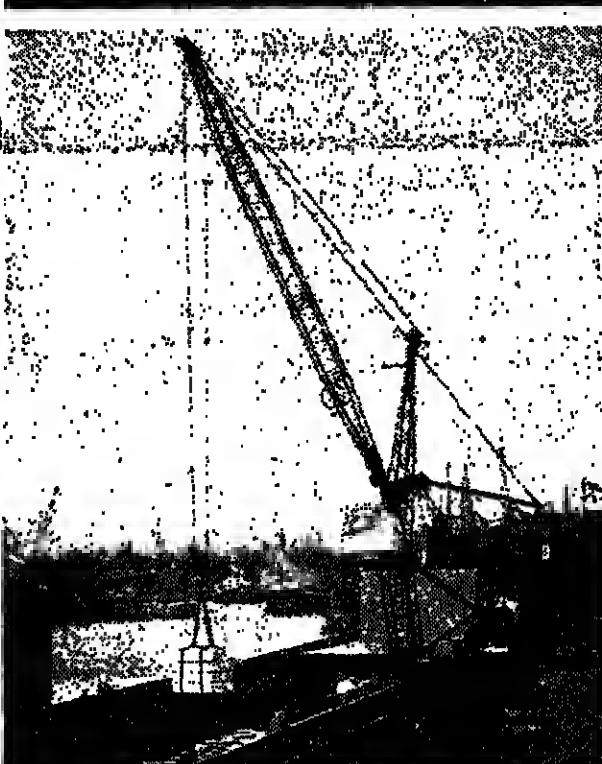
One guide I came to know in this way acquired a copy of *The Godfather*, and he announced with considerable satisfaction that it had given him a real picture of modern Western society.

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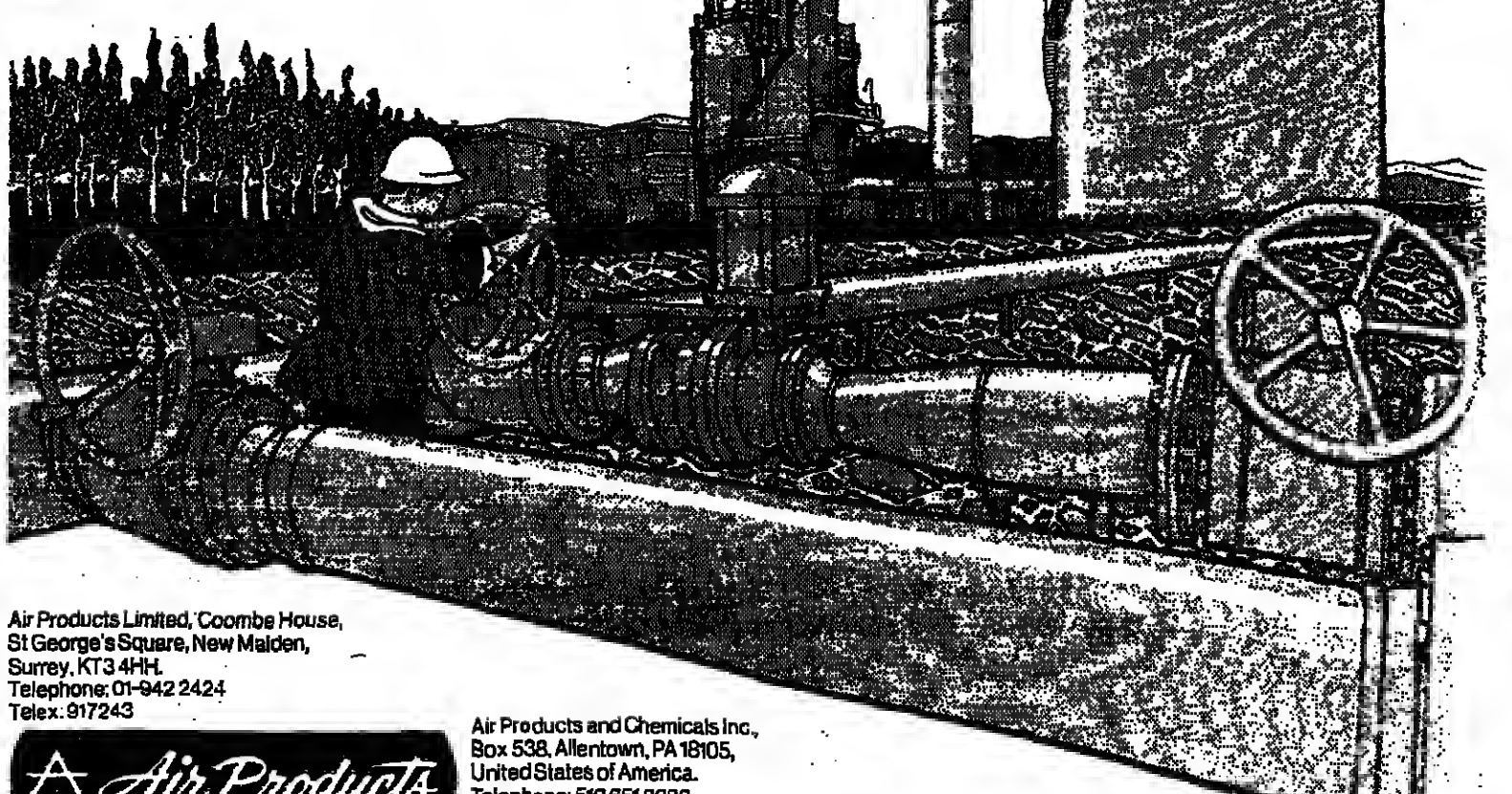
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Cultural Revolution brought academic decline

by Annette Lord

The system of "key" schools, which are allocated the best teachers and teaching materials and which select the brightest pupils at primary and secondary level, has been reestablished in the drive to develop China's scientific and technological skills. Mr Liu Hsi-yao, China's Minister of Education, sees these schools as providing a model and giving guidance to other educational institutions.

Academic titles, abolished during the Cultural Revolution, have now been restored and teachers' pay is to be improved as part of the reestablishment of intellectual work. Primary school teachers receive 45 to 50 yuan a month, less than the national average of 62 yuan (about £20). At the top end of the scale university professors can earn up to 200 yuan a month (about £66).

As part of the general appraisal of education policy, especially talented teachers will be encouraged to produce new textbooks and develop new educational theories. A conference is expected to be held in Wuhan soon to discuss the provision and writing of textbooks for arts subjects.

It has also been announced that specialized colleges are to be set up to give advanced training to primary and middle school teachers. These will be placed on training teachers already working in schools by means of radio, television and correspondence courses.

Although it is still official policy to reduce the gap between physical and mental work, students now do manual work for only one month a year and middle school students may now enter university straight from school. Previously they were required to spend 18 to 24 months in the countryside or in a factory before entering university.

Entrance to university and teacher training college is now by competitive examination instead of being dependent on political qualifications such as class origins—a criterion which during the years after the Cultural Revolution led to a drastic deterioration of academic standards.

China's population is fast approaching 1,000 million, yet only one million receive education beyond middle school. Higher education is now to get special attention. The Minister of Education has announced that new colleges and universities are to be set up, new courses organized and more students to receive higher education.

A wide programme of spare-time education is also being strongly promoted. This includes evening classes held in factory premises, correspondence courses and educational broadcasts.

The television classroom is a recent innovation in China. Education television broadcasts started on December 19 last year when Peking Television sent out programmes apparently received in most parts of the country. The courses, taught by lecturers at the Peking Foreign Languages Institute and the Peking Teacher Training College, included English, elementary mathematics and electrical engineering.

The programmes are extremely popular. Foreign journalists in China have reported seeing long queues outside bookshops for the course textbooks. A British academic recently back from China saw a mathematics programme—geometry—on the television in the lounge of her Peking hotel. She said the hotel staff with whom she watched "were glued to the box".

Official interest in the

British Open University is indicated by the publication of a two-page article in the monthly journal *People's Education*, a national magazine which has reappeared following its disappearance during the Cultural Revolution. The Chinese consider that broadcasts and correspondence courses such as the Open University uses could be a useful model in their campaign to extend education.

In addition to the programmes sent out by Peking Television some local authorities have set up courses of their own. Last November and December education authorities in the city of Sian worked to put out programmes designed to supplement middle school and to help students to prepare for examinations.

These broadcasts, given by 22 teachers from 11 middle schools in Sian, consisted of 33 two-hour programmes in middle school mathematics, physics, chemistry or television, 20 one-hour radio programmes in politics, language, history and geography. All the programmes were based on materials used in schools.

Primary and middle school teachers joined in watching and listening to these broadcasts, it is hoped, to help to improve standards of teaching as well as learning.

Radio has been used several years in educational lessons have had wide audience. Other educational radio broadcasts include popular science programmes with a question and answer format. Broadcast education requires the minimum of facilities and staff with its accessibility and potential for expanding spare-time education, appears to be a way of solving China's education problems.

Students prepare for exodus from East

by Isabel Hilton

Now that it is permissible to admit that China is academically backward, intellectuals complain openly about past isolation and the difficulties it caused. Preparations are under way for an exodus of staggering proportions to Western universities.

When Mrs Shirley Williams, Secretary of State for Education, visited China earlier this year, her hosts revealed the extent of their commitment to education abroad. To Britain alone the Chinese propose to send up to 1,000 undergraduates, of whom 50 to 100 will be on exchange and the rest will be financed by the Chinese Government. In addition the Royal Society has been asked by the Chinese Academy of Science to take 100 post-graduate and 100 post-doctoral students, making a rough total of 1,200 Chinese students to Britain by 1985. (This does not include language students placed directly by the Chinese.)

Britain is not alone in being asked to receive large numbers of students. Figures of 400 to 600 are quoted in connexion with half a dozen Western European countries and even larger numbers for the United States and Canada. At an estimated cost of £2,000 a student each year this represents a sizeable cash investment as well as a considerable statement of faith in the new rapprochement.

The implications for Chinese academic life are enormous, both in terms of what other countries expect from an expanded exchange programme and in the impact on Chinese thinking of a large number of Western-educated intellectuals. As Britain and other countries consider their country proposals the scale of the operations raises questions of reciprocity which until this year has seemed irrelevant or impossible.

In 1973 Britain renewed student exchanges after the Cultural Revolution when it sent 12 students to China for one academic year. Now the numbers are up to 20 students a year sent through the British Council, in addition to which the enterprising Central London Polytechnic has made a separate arrangement to send its own students.

But the path of academic exchange has not always been smooth. The first hitch to which the enterprising Central London Polytechnic has made a separate arrangement to send its own students.

But in spite of the relaxation and considerable progress, foreign students are still segregated in special classes, still excluded from the political activities which take up so much of the time of their Chinese fellow students and still have no real access to research facilities.

Now that a major expansion of contact is envisaged, it will be interesting to see what China is prepared to allow in terms of access. The British Council estimates that there is still an unsatisfied demand for time in China among undergraduates and immediate post-graduates. The curious result is that the Chinese staff are considered to be less well equipped than their counterparts in the West.

But before senior staff are likely to consider it worthwhile spending a long time in China, the Chinese may have to tolerate research within China by people who take a very different view of Chinese affairs from their hosts. As we envisage, for instance, the Chinese co-operating with Western

Where students from Third World study everything from textiles to way technology in China, it is not easy to see what a domestic interest there is. Western students apart from the continued fascination of the study of China itself.

There are areas of medicine in which there is so much interest, but for a few years the traffic is likely to largely one way.

One key effect of Chir study programme may be seen for many years, is of great significance. Students of intellectual cultivation will doubt recall the effect on Ch of the last great foreign study programme: it produced a generation of intellectuals, thinkers and politicians who completely transformed China. Those students who are now coming to study in Britain are likely to be among the brightest of China and will return positions of influence. Transformations they may be just as profound.

The author is on the staff The Sunday Times.

Heirs to a proud culture

by Michael Freiberger

A common motif on the menus of Chinese takeaways shows the double happiness character, or key, encircled by a dragon, or phoenix, to the right and a phoenix to the left. A flaming pearl is suspended above.

Different meanings attach to these symbols: all are associated with great good fortune. For instance, the dragon represents the yang, the male principle, light, the sun and the emperor, and is connected with rain and geomancy. The character key translates as joy, happiness or pleasure, which is compounded by repeating the character. Variations of the key design are found on Shang dynasty bronzes, dating from the middle of the second millennium BC.

The owners of the local takeaway are heirs to an ancient and proud culture. Natural disasters, civil unrest and famines forced many thousands of Chinese to migrate overseas, especially from the south-eastern provinces of Kwangtung and Fukien, during the nineteenth century and early decades of the present century.

Most found new homes in South-east Asia, but others went further afield, attracted by the Californian gold rush and later mineral discoveries in Australia.

A few Chinese began to arrive in Britain with the opening of the Suez Canal, but their numbers remained small until after the Second World War. Often the Chinese had jumped ship and they tended to stay in the port cities, particularly Liverpool and London. Laundries and small eating houses were established, small in number, the Chinese kept to themselves and had little contact with the host population, except across the business counter.

London's old Chinatown in the Peninfields area was largely destroyed during the war, and most Chinese dried have disappeared with the advent of do-it-yourself techniques. Many more Chinese arrived in Britain as cheap charter flights were introduced from about 1960 onwards, and their coming coincided with a revolution in national eating habits. Most of them came from the rural background of the New Territories; most were young males; most were unmarried. Accurate figures are impossible to obtain but there may now be in excess of 70,000 Chinese spread throughout the length and breadth of Britain.

At first restaurants, providing an indifferent chop-suey, were opened in the larger cities. Since the mid-1960s a new Chinatown has emerged centred on Gerrard Street, which on Sundays attracts an excited and hungry Chinese clientele, helmed by a young chef (literally, to drink tea) from points as far away as Manchester and Bristol. On other days of the week, too, Chinese travel long distances to stock up with provisions, arriving regularly from the Continent, particularly Holland, Germany, France and Belgium.

The Chinese work hard, long hours. Most wish to become their own boss and in a few years are able to save enough to buy their own takeaway, often a fish and chip shop which they convert slowly; or they may go into partnership in running a restaurant. Even the smaller towns will say, a population of 5,000 has a Chinese business, although London and the Liverpool-Manchester area still contain the largest clusters. This scattering of Chinese, together with the near-impossibility of obtaining work permits, has resulted in a serious labour shortage.

Twenty years ago it was common for young Chinese to return to Hongkong after about five years, in search of a bride. The deal would be contracted within the space of a few weeks and generally the wife was left in Hongkong, while children were conceived on irregular trips home, usually made to coincide with New Year celebrations. In recent years, however, more and more families have been reunited in Britain, and new brides join their husbands immediately, although children are often sent back to Hongkong to be educated.

Small sums of money are remitted to Hongkong to pay both for the children's upkeep and for that of the grandparents and other relatives. A common sight in a New Territories house is the "starling houses" built with these remittances. They are constructed for reasons of prestige and as retirement homes, but increasingly they may become white elephants, given the political uncertainties and that the ground they occupy is due to revert to China in 1997.

Life for Chinese in Britain can be very lonely, especially for the wives left home to mind the family, for they are often illiterate and unable to speak English. Frequently families are found living in twilight housing zones; and the first months at an English school may impose tremendous strain on children.

At the same time the Chinese know how to enjoy themselves, and the new year festivities have become an established feature of polyglot London, as the lion dances along the streets of Chinatown collecting the offerings of lettuce leaves, onions and lucky money—

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The articles on this and the next two pages examine trade prospects with China, especially in sectors where Peking is seeking help from the technologically-advanced nations

Only business contact is the state

by Marcel Berlins

A British firm wanting to trade with China has it, in a sense, easy. It does not, for instance, have to find a reliable and trustworthy agent through whom contacts can be established and negotiations conducted. It does not have the problem of arranging an efficient distribution system. China does not have private trading concerns, and so there are no such things as agencies, dealers, distributors, marketing representatives and the like.

Nor is a British business faced with having to take decisions about the nature of its participation in China. No foreigner can participate either with capital or in any other way in any enterprise being carried on in China. There is, therefore, no question of a choice between launching a joint venture, going into partnership, or using any other method of getting a stake in economic activity.

For the same reasons the attention normally paid by a British businessman attempting to break into a foreign market to such factors as that country's investment and tax laws, the ability to repatriate capital and profits, and the terms governing British personnel working there, is not relevant to dealing with China.

All that is possible is a single trading contract, and the only way to go about it is to negotiate through one of the state trading corporations. They constitute the only point of direct contact between the potential exporter and the Chinese buyer. Contact with the real customer, the user, is not possible.

It is the state corporation that enters into the contract, and having done so, all the formalities governing entry of the goods into China are taken care of automatically. The British exporter is thus even saved the trouble of ascertaining the customs regulations.

There are eight main national trading corporations. They deal with: cereals, oils and foodstuffs; chemicals; light industrial products; machinery; metals and minerals; marine products and animal by-products; textiles; and

technical (plant equipment and technological processes). In addition there are two service corporations: the Foreign Trade Transportation Corporation, which deals with the actual business of clearing cargoes through customs, and the Chartering Corporation, which charters ships and books shipping space required for imports and exports.

The Department of Trade's Commercial Relations and Exports Division advises British firms wanting to export to China to take things slowly and patiently and to use any of the hard-sell tactics that might be applied when seeking markets in many other countries.

First, descriptive information should be sent to the relevant state corporation. These leaflets should concentrate on providing as much detailed technical data as possible, and not be what the Dot calls "glossy, advertising-type material". The goods are what the Chinese economic strategy allows to be bought, then sends the information to those particular state groups which might need them.

If interest is expressed—which may not be for months or years after the initial approach—the state corporation will then conduct all negotiations.

The British firm's representatives will not necessarily be invited to China for talks, nor can they go there on their own. Invitations are reasonably easy to obtain for the biennial Canton (Kwangchow) Fairs, and some contracts may be made there, although serious negotiations would not take place.

It is far more difficult to get an invitation to Peking. They are usually only issued if the state corporation involved is seriously interested in entering into a substantial contract. Otherwise, negotiations would be conducted through the commercial section of the Chinese Embassy in London.

Prices used to be invariably quoted and negotiated in sterling, and until recently all payments by China to British exporters were also made in that currency. More recently, according to the DoT, the Chinese have tried to conclude contracts in their

own currency with transactions being made through the Bank of China in London. According to the DoT there is nothing in United Kingdom exchange control regulations to prevent invoicing or settlement in this currency known as RMB and as far as we are aware no problems have arisen in United Kingdom business so concluded.

Any contractual disputes between the exporter and the Chinese state corporation which are not amenable to informal friendly consultation are settled by arbitration. Experience has shown that the Chinese do not lightly go into dispute. The deviation by the exporter from the terms of the contract would usually have to be substantial to provoke the Chinese importer into taking that step. Moreover, all the emphasis would at first be placed on trying to reach a negotiated settlement between the parties, without recourse to any outside intervention.

In the relatively few cases where no agreement can be reached, the procedure is laid down in rules brought in as long ago as 1954 by the China Committee for the Promotion of International Trade. Broadly, the rules provide for each party to nominate an arbitrator, and for those two arbitrators to agree on a referee. The parties can, by agreement, place the dispute in the hands of a single arbitrator instead of the three-man committee.

The form of the proceedings are similar enough to London-style arbitrations in present neither problems nor surprises to the British firm involved in it, except that the language used is Chinese. The rules provide for interpreters.

The award of the arbitration committee is said to be final, and neither party shall bring an appeal for revision before a court of law or any other organization. The award must be acted on by the parties themselves within the specified time, but if the losing party does not comply with it of its own accord, the other can petition the People's Court of China to enforce it.

The author is Legal Correspondent, The Times.

Oiling Britain's export wheels

by Derek Harris

Plans for energy development, particularly in offshore oil exploration and expansion of coal production, provides Western technology with one of its greatest export opportunities in China.

Britain's export chances in the sector are good although Mr Edmund Dell, Secretary of State for Trade, on his return last month from eight days of trade talks in China, gave a warning especially relevant to the energy industries. Although it was not unreasonable to expect a doubling or even quadrupling of Sino-British trade in the next two to three years, it had to be recognized that China would remain a highly competitive market, he said.

China is looking to the West for a wide range of technologies to help exploit oil reserves that in future will have to earn a large proportion of the hard currency China needs to pay for the imports necessary to help fulfil its latest development plans.

China has not only to find and extract the oil, but also needs increased refining capacity to maintain a rapid expansion of the oil industry.

Plant for refineries is likely to be imported as well as a wide range of equipment involved in oil exploration, particularly for offshore operations.

Coal, China's main energy source, has suffered from inadequate investment in the past. This is now being remedied so that the country can meet more of its expanding energy needs from coal, thus releasing as much oil as possible for export.

Modernizing and expanding the coal industry means more mining machinery imports into the country, a sector in which the United Kingdom is already a traditional supplier. Recent trade missions, on which the National Coal Board has been represented, have also returned with the message that Britain's experience of modernizing a long-established coal industry could be a factor in Britain securing design contracts.

China also has large but underdeveloped reserves of natural gas. Output has doubled in 10 years but if growth is to be maintained, extra plant will be needed ranging from pipeline equipment to liquefaction units.

The greatest competition looks likely to be in the oil sector with a special focus on offshore exploration. China hopes offshore resources will be a main contributor to the increased export earnings it wants.

Mr Dell was told last month that negotiations were well advanced for the participation of United States and Japanese companies in China's oil exploration programme; but so are those between British Petroleum and the Chinese authorities.

China has told British Petroleum and other international oil companies of a policy which should speed the development of offshore oil. China is not in favour of joint ventures with foreign companies and still intends to finance its own oil development programme.

But the oil companies have been told that the Chinese authorities are now willing to see foreign capital coming in to take on the risk of offshore oil exploration.

Details of this new policy are still being worked out, but it looks as if China is following the path of other national oil producers anxious to stimulate exploration. The exploration costs met by oil companies could be offset by returns from subsequent oil strikes.

Commercial production from offshore resources is likely to come first from the Pohnai Gulf where Japanese companies are expected to start drilling soon. The continental shelf off China's coast looks promising and offshore development is likely to be concentrated on the South China Sea.

China's oil production, which grew by a fifth each year between 1965 and 1975, stood at 86 million tonnes in 1976 after the growth rate slowed to 13 per cent. At present about 16 per cent of the oil produced is sold abroad.

By 1980 China will need almost to have doubled its 1976 production if gradual growth of exports is to be maintained and the demands of certain branches of industry, like petrochemicals and transport, are to be met. Western observers believe the oil exports may rise by some three million tonnes to 18 million tonnes by 1980 which at 1977 prices would bring in about £800m in hard currencies.

Mr Dell found the Chinese especially interested in British technology in offshore equipment. But Britain has still to

make a breakthrough here; in the latest list of Chinese purchases for offshore oil equipment covering the period from 1972 to the end of last year, Japan is the main supplier, with only France and Denmark among successful European exporters.

But the United States has probably supplied about £50m worth of equipment for both oil and natural gas wells in the past three years. A considerable number of offshore rigs have been bought from Romania.

One report circulating in Whitehall suggests that the chances of British sales of complete offshore rigs is slight, given the number of offshore rigs that have been lying idle in South-east Asia as well as the distances involved in transporting rigs from Britain.

But the Chinese, the report says, are interested in rig technology for water deeper than 200ft, underwater pipe systems and equipment for underwater surveys and drilling. Britain might score with sales of specialized equipment such as drills, valves, pumps and as well as some survey and supply equipment.

China's commitment to expanding coal output is likely to benefit Britain, especially as the Chinese prefer long-wall techniques for which Britain has developed fully mechanized coal-face equipment.

China's last big buying programme of nearly £50m worth of mining machinery was in 1973 and 1974, half supplied from Britain and the rest by West Germany, the United States and Poland.

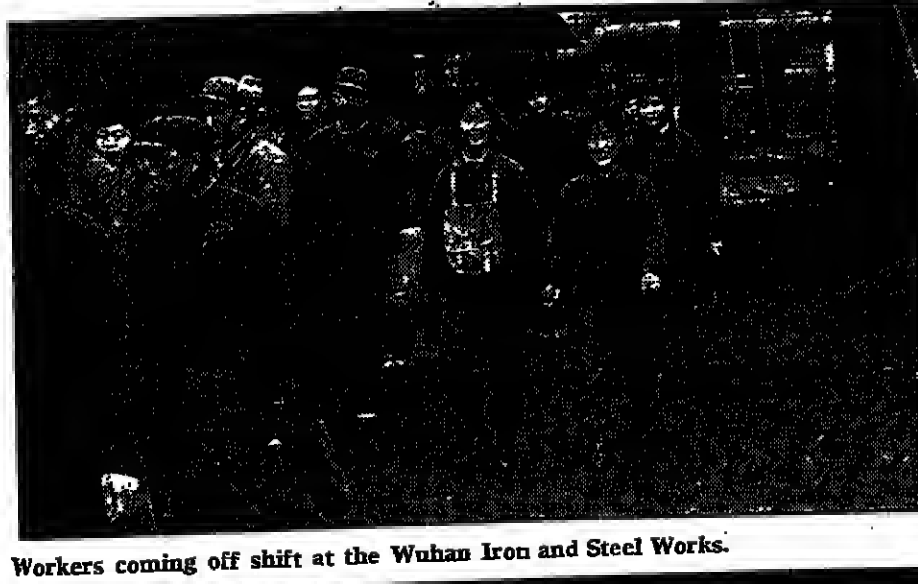
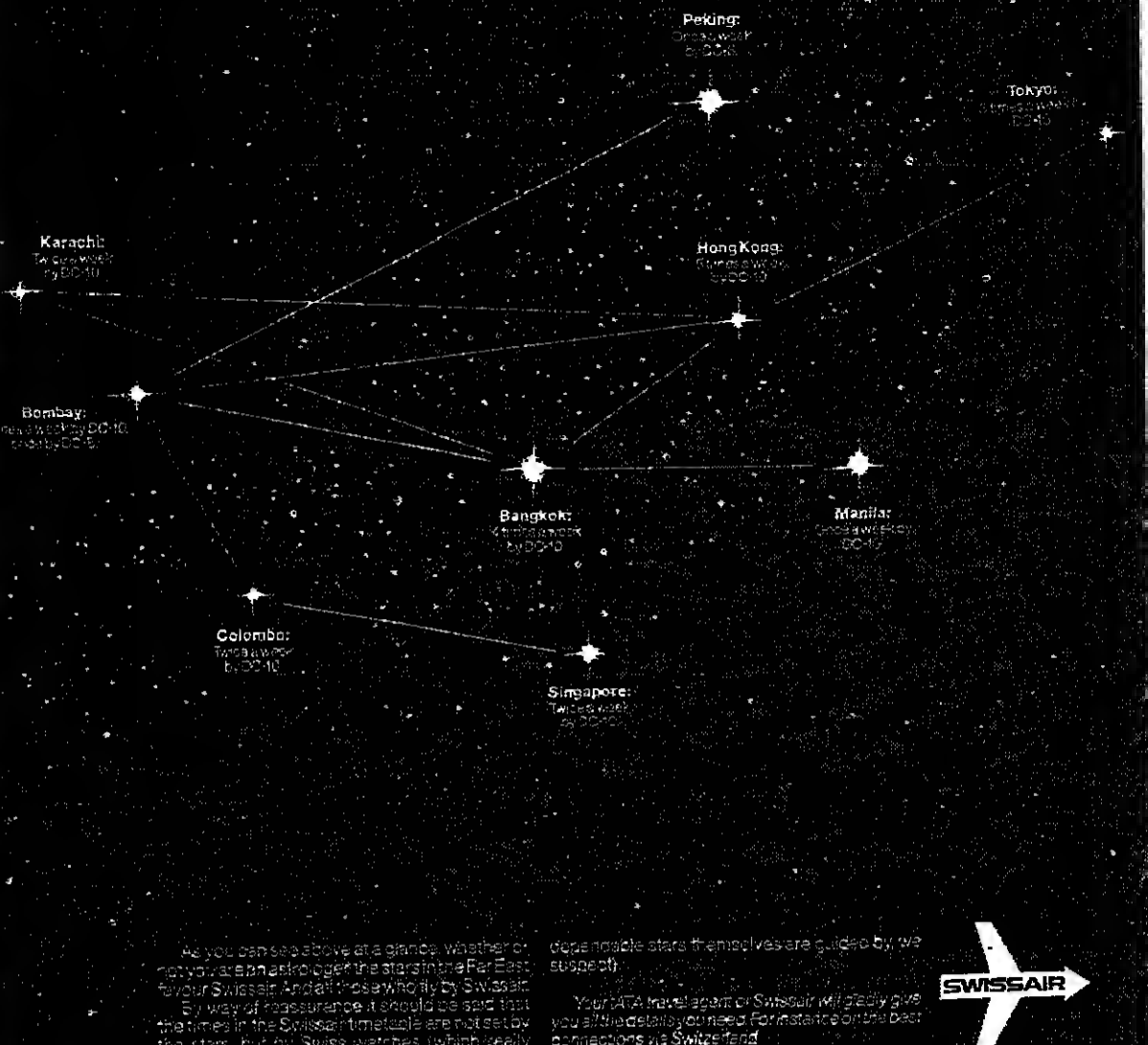
The National Coal Board is expected to be involved in the design of two new mines for which construction and equipment contracts will also be necessary.

Two major orders to British companies for mining equipment were announced earlier this month. Dowty Group's £70m contract for underground equipment, including roof supports and conveyors, was said to be the largest export order of its kind so far for a British company.

A £13m contract for conveyors and face conveyors went to Anderson Strathclyde, a Glasgow mining and industrial equipment maker.

The author is Commercial Editor, The Times.

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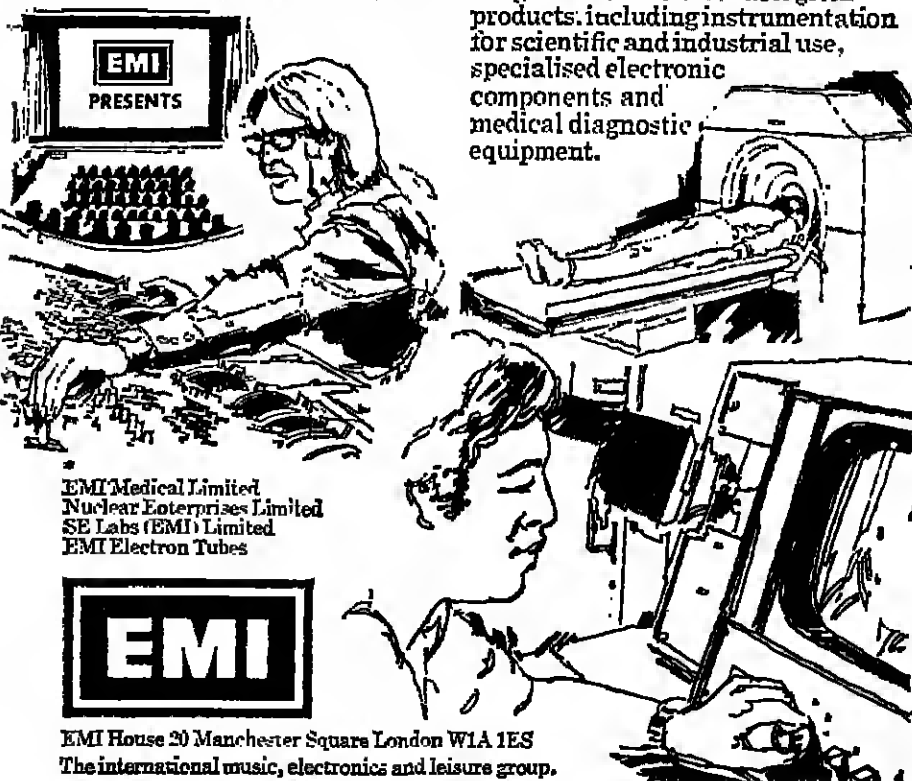
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by Arthur Reed

China is now openly shopping in Britain for aerospace goods, notably the British Aerospace Harrier vertical takeoff fighter, which the country plans eventually to make under licence to its own factories. More than 60 Chinese experts were at this month's Farborough air show. Organized into three delegations, they closely questioned officials of the British nationalized aircraft industry on all aspects of Harrier operation, economics and support. They then left the show to spend three weeks touring aerospace factories, including those of subcontractors making parts for the jump jet.

The Harrier is powered by one Rolls-Royce Pegasus turbofan engine generating 21,500lb of thrust and gains its ability to take off vertically, or after a very short run (while conventional fighters need thousands of yards of concrete runway) by directing its jet blast through swivelling nozzles mounted on either side of the fuselage.

A recent British invention designed to aid this unusual aircraft still further is the "ski slope"—a ramp about 130ft long and rising to a

height of 20ft, up which the Harrier takes off. The slope has the effect of "throwing" the aircraft into the air, enabling it to gain height far more quickly and, therefore, to carry a heavier load of armament or fuel.

The ski slope also adds to safety of operation as, if the single engine fails at the crucial moment of take off, the pilot is farther from the ground when he ejects, so giving his parachute more time to open.

The Chinese delegations inspected the ski slope at the Farborough show and watched it being used by a Harrier of the type which is in service with the Royal Air Force, and by the latest version, the Sea Harrier. This is being developed by British Aerospace for service on board the new through-deck cruisers ordered by the Royal Navy. The cruisers will be fitted with the ski slope device.

If an order for Harriers from the Chinese does materialize, and opinion at the show was that Chinese interest was very strong, it is likely that the ski slope will also be ordered. Harriers, with this novel piece of equipment, would be ideal for the Chinese Air Force in guarding the long border with the Soviet Union where the building of conventional airfields is a long, difficult and expensive task.

In addition to boosting their defences, the Harrier would also provide the Chinese with a technology package with which their burgeoning aerospace industry could make further progress. China has already designed, and is flying, its own fighter, the F-7, while it is rebuilding the fleets of MiG-19s and other military aircraft types which were bought from the Soviet Union, in the absence of any spares replacement from that country recently.

Under a deal signed with Rolls-Royce, China is learning how to build the Spey jet engine with which she will re-engine its MiG-21s. The airline has bought from British Aerospace 707s and a number of Soviet airliners. Maintenance of all these craft types indicates reasonably high level aerospace capability.

A deal with British Aerospace on the Harrier would almost certainly involve initial purchase of a number and then, with technical assistance, the establishing of production lines in China for both the airframe and the Pegasus engine. The knowledge already gained in developing Spey engine, making Pegasus should present insuperable difficulties.

The total Chinese requirement for a fighter such as the Harrier is thought to be somewhere between 300 and 500. Not surprisingly, moves towards a contract with Britain have been attacked by the Soviet Union.

British Aerospace would also like to interest Chinese in two more of their products—both military and civil—with military possibilities. These are the executive jet and the 125.

The 125 would be ideal within China for fast communications over long distances although it is a long, difficult and expensive task. The 125s are in service around the world, and have recently been fitted with a more powerful engine giving a longer range and reduced fuel consumption.

Permission to develop a 146, which is an aircraft with 70 to 100 seats and the ability to take off from short runways, is being considered by the British Government. It would be ideal for operations in remote areas of China. A military transport version is being considered by British Aerospace.

The author is Air Correspondent, The Times.

Important role for metal technology

by Derek Harris

Western metallurgical technology, which the Chinese tapped in their last major steel plant expansion in 1974 and 1975, is expected to have an important role in China's plan to invest in the growth of its iron and steel industry, still one of the weaker sectors of the economy.

It is also likely to be needed to meet China's aim of reducing its reliance on imports of non-ferrous metals, particularly aluminium and copper, by setting up a substantial prospecting programme, opening up mines and establishing modern processing plants.

To the earlier steel plant expansion China bought skill and plant from West Germany and Japan, although two substantial contracts went to Sweden and Belgium for ladle furnaces and cold rolling mill equipment respectively.

Japan is set to play a major role in the new wave of steel expansion, with Nippon Steel due to sign contracts for a six million tonnes capacity plant at Shanghai, worth about £25,000m. Plans for another steel complex at Peking, to be built by Nippon Kokan, are also advanced.

But this time, with Chinese steel production planned to go from the present 25 million tonnes a year to 60 million tonnes in 1985, there are high hopes of Britain securing a large share of the market.

Britain has experience in modernizing aging steel plants. Mr Tang Ke, the Chinese Minister of Metallurgy, spent 17 days touring steel plants in Scotland, Wales and the North of England earlier this year, and he and specialists accompanying him were impressed at British Steel's success in upgrading old plants.

China's pre-1974 crude steel-making facilities are all at least 20 years old. Steel plants were one of the main prospects for United Kingdom export contracts when Mr Edmund Dell, Secretary of State for Trade, headed a trade mission to China last month.

Sir Charles Villiers, chairman of British Steel (which since last October has netted £13m in Chinese contracts), has discussed plans for providing new steel-making and rolling mills.

Britain is well in the running for substantial steel plant contracts because two British steel industry missions, the first of technicians and the other of engineers, should have settled the detailed groundwork by November to allow a top management mission to follow with a series of package deals for the Chinese.

The Chinese could then include these in the detailed plan for steel industry expansion which they hope to produce by December. It remains to be seen if financing arrangements could be a problem following reports of Japan offering interest rates below the minimum normally charged for export credits.

But British Steel can emphasize its increasing experience in supplying opportunities, the report suggests.

There has been some speculation why China's purchasing of petrochemical and associated plant declined after 1974. All the evidence is against a reduction in the country's needs as the cause. Concern over its trade deficit and the period of controversy over too great dependence on foreign technology were likely factors. It also takes time for such a large number of plants of an advanced technical nature to be absorbed into the country's industrial structure.

It is thought by some industrial observers that petrochemical plant, as well as the chemical sector as a whole, offers one of a dozen or so major opportunities for increasing exports from the United Kingdom.

On the chemical fertilizer side there is a need not only for more nitrogen compounds but more so for the balancing nutrients provided by potassium and phosphorus.

Plants to produce more complex petrochemical products will be needed, it is expected, which means plants for the production of dibasic acids, acrylics and possibly fluorocarbons, and advanced synthetic rubbers are thought to be another need, as well as possibly synthetic leather plant.

The Chinese certainly appear to lack adequate production facilities for Teflon, PVC and various advanced plastics used in engineering.

One advantage suppliers of process plants to China have found is that there can be a high product content for the exporter's own country. This can be as high as 90 per cent, whereas some other importing countries demand that a large proportion of any plant should be made by using their own spare industrial capacity.

More advanced petrochemical technology is almost certainly going to be needed from the West by China. Several factors are leading towards increased petrochemical production, which is likely to be achieved fully only by importing more production plants, even though in some cases China has already bought in the inherent technology.

Compared with most other industrialized countries, China has neglected the development of petrochemicals so that priority is having to be given to providing a wide range of plastic goods, some for defence needs, and increasingly for the general consumer.

At the same time the country's oil and natural gas production is increasing, providing more feedstock for petrochemical products.

Improving agricultural yields is still one of the country's highest priorities. More indigenous production of chemical fertilizers would help towards that. It would also reduce the present large-scale imports of fertilizers, a drain on the balance of payments, as has been the buying-in of foreign grain which has been sometimes necessary when harvests were poor or have failed.

There will also be import substitution by increased production in China of synthetic textiles, plastics, synthetic rubbers and other chemicals. A beneficial effect of the increase in synthetics—which, for instance, substitute for natural products like home-grown cotton, wool or silk in the production of textiles—will be release of land for food production.

China's petrochemical industry went through a major expansion in little more than two years up to the end of 1974. In 1972 there were only three major petrochemical plants operating. Two had been bought in the West, during the

1960s and the other was designed and built in Peking by the Chinese themselves.

Since then more than 50 complete petrochemical plants have been imported from countries like Japan, France, West Germany, Holland, the United States, Denmark, Italy and Austria. From the United Kingdom Humphreys and Glasgow supplied a methanol plant and Davy Power Gas a polyethylene plant. Davy has further contracts.

The biggest single contract was for some £150m under which Technip-Spichem of France supplied a complex of plants whose product was nylon and polyester fibres.

The buying programme during this period gave China capacity for producing artificial fibres, plastics, rubber and chemical fertilizers. Fibres included some acrylics and plastic production was of polyethylenes and polypropylenes. Natural gas is being used as a feedstock for ammonia plants geared to the production of urea for agricultural fertilizer use.

Chemical fertilizer has been one of the fastest growing Chinese industrial sectors during this decade and should continue to grow rapidly in the immediate future. By 1980 there will be 13 new urea plants, bought from the West, completely on stream and producing about 18 million tonnes of nitrogen fertilizer a year.

One report circulating in Whitehall suggests that China is likely to buy in more urea plants as well as units to produce complex fertilizers and super-phosphates. But for exporters there are question marks over the development of agrochemicals in China, since domestic production appears to fill present needs. But agrochemicals and their production could be a growth sector in which there might well be export

complete steel plant from the drawing board stage onwards and involving collaboration of private sector plant makers. British Steel International, a British Steel offshoot, can put together technology packages covering planning and construction which have already led to the supply of plants to Venezuela and Mexico.

One recent report on China's iron and steel needs suggests that the main requirement is likely to be for more steel-finishing facilities, particularly continuous casting rolling mills. Electrical rinning and galvanizing lines and equipment for the chemical processing of special steels may be required too.

Expansion of steel-making capacity is likely to be achieved through buying large-capacity basic oxygen furnaces, air separation plants and electrical furnaces. Equipment for iron ore mining could involve specialist items like drill bits and blast hole drills as well as power shovels and excavators.

What is clear is that the steel expansion programme is so vast that there should be scope for substantial contracts to go not only to Japan and Britain but to other European nations in which the Chinese have shown renewed interest, particularly France and West Germany.

The priority being given to expanding non-ferrous metals production is not completely clear, although the Chinese have indicated that this figure in present plans. It looks likely, judging from the latest reports out of China, that there will be a growing interest in equipment for prospecting, mining and preparation of the various ores. Complete smelters for aluminium, copper, lead and zinc are also likely to be needed.

Priority for petrochemicals

More advanced petrochemical technology is almost certainly going to be needed from the West by China. Several factors are leading towards increased petrochemical production, which is likely to be achieved fully only by importing more production plants, even though in some cases China has already bought in the inherent technology.

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Since then more than 50 complete petrochemical plants have been imported from countries like Japan, France, West Germany, Holland, the United States, Denmark, Italy and Austria. From the United Kingdom Humphreys and Glasgow supplied a methanol plant and Davy Power Gas a polyethylene plant. Davy has further contracts.

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The buying programme during this period gave China capacity for producing artificial fibres, plastics, rubber and chemical fertilizers. Fibres included some acrylics and plastic production was of polyethylenes and polypropylenes. Natural gas is being used as a feedstock for ammonia plants geared to the production of urea for agricultural fertilizer use.

Chemical fertilizer has been one of the fastest growing Chinese industrial sectors during this decade and should continue to grow rapidly in the immediate future. By 1980 there will be 13 new urea plants, bought from the West, completely on stream and producing about 18 million tonnes of nitrogen fertilizer a year.

One advantage suppliers of process plants to China have found is that there can be a high product content for the exporter's own country. This can be as high as 90 per cent, whereas some other importing countries demand that a large proportion of any plant should be made by using their own spare industrial capacity.

More advanced petrochemical technology is almost certainly going to be needed from the West by China. Several factors are leading towards increased petrochemical production, which is likely to be achieved fully only by importing more production plants, even though in some cases China has already bought in the inherent technology.

Compared with most other industrialized countries, China has neglected the development of petrochemicals so that priority is having to be given to providing a wide range of plastic goods, some for defence needs, and increasingly for the general consumer.

At the same time the country's oil and natural gas production is increasing, providing more feedstock for petrochemical products.

Improving agricultural yields is still one of the country's highest priorities. More indigenous production of chemical fertilizers would help towards that. It would also reduce the present large-scale imports of fertilizers, a drain on the balance of payments, as has been the buying-in of foreign grain which has been sometimes necessary when harvests were poor or have failed.

There will also be import substitution by increased production in China of synthetic textiles, plastics, synthetic rubbers and other chemicals. A beneficial effect of the increase in synthetics—which, for instance, substitute for natural products like home-grown cotton, wool or silk in the production of textiles—will be release of land for food production.

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Window shopping for British aerospace goods

by Arthur Reed

China is now openly shopping in Britain for aerospace goods, notably the British Aerospace Harrier vertical takeoff fighter, which the country plans eventually to make under licence to its own factories. More than 60 Chinese experts were at this month's Farborough air show. Organized into three delegations, they closely questioned officials of the British nationalized aircraft industry on all aspects of Harrier operation, economics and support. They then left the show to spend three weeks touring aerospace factories, including those of subcontractors making parts for the jump jet.

The Harrier is powered by one Rolls-Royce Pegasus turbofan engine generating 21,500lb of thrust and gains its ability to take off vertically, or after a very short run (while conventional fighters need thousands of yards of concrete runway) by directing its jet blast through swivelling nozzles mounted on either side of the fuselage.

A recent British invention designed to aid this unusual aircraft still further is the "ski slope"—a ramp about 130ft long and rising to a

height of 20ft, up which the Harrier takes off. The slope has the effect of "throwing" the aircraft into the air, enabling it to gain height far more quickly and, therefore, to carry a heavier load of armament or fuel.

The ski slope also adds to safety of operation as, if the single engine fails at the crucial moment of take off, the pilot is farther from the ground when he ejects, so giving his parachute more time to open.

The Chinese delegations inspected the ski slope at the Farborough show and watched it being used by a Harrier of the type which is in service with the Royal Air Force, and by the latest version, the Sea Harrier. This is being developed by British Aerospace for service on board the new through-deck cruisers ordered by the Royal Navy. The cruisers will be fitted with the ski slope device.

If an order for Harriers from the Chinese does materialize, and opinion at the show was that Chinese interest was very strong, it is likely that the ski slope will also be ordered. Harriers, with this novel piece of equipment, would be ideal for the Chinese Air Force in guarding the long border with the Soviet Union where the building of conventional airfields is a long, difficult and expensive task.

In addition to boosting their defences, the Harrier would also provide the Chinese with a technology package with which their burgeoning aerospace industry could make further progress. China has already designed, and is flying, its own fighter, the F-7, while it is rebuilding the fleets of MiG-19s and other military aircraft types which were bought from the Soviet Union, in the absence of any spares replacement from that country recently.

Under a deal signed with Rolls-Royce, China is learning how to build the Spey jet engine with which she will re-engine its MiG-21s. The airline has bought from British Aerospace 707s and a number of Soviet airliners. Maintenance of all these craft types indicates reasonably high level aerospace capability.

A deal with British Aerospace on the Harrier would almost certainly involve initial purchase of a number and then, with technical assistance, the establishing of production lines in China for both the airframe and the Pegasus engine. The knowledge already gained in developing Spey engine, making Pegasus should present insuperable difficulties.

The total Chinese requirement for a fighter such as the Harrier is thought to be somewhere between 300 and 500. Not surprisingly, moves towards a contract with Britain have been attacked by the Soviet Union.

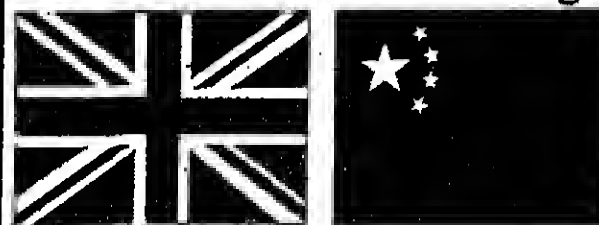
British Aerospace would also like to interest Chinese in two more of their products—both military and civil—with military possibilities. These are the executive jet and the 125.

The 125 would be ideal within China for fast communications over long distances although it is a long, difficult and expensive task. The 125s are in service around the world, and have recently been fitted with a more powerful engine giving a longer range and reduced fuel consumption.

Permission to develop a 146, which is an aircraft with 70 to 100 seats and the ability to take off from short runways, is being considered by the British Government. It would be ideal for operations in remote areas of China. A military transport version is being considered by British Aerospace.

The author is Air Correspondent, The Times.

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Publishers try to fill their order books

Roger Berthoud

even a minimal programme of education. The British publishers concluded that the main immediate opportunities were in scientific, medical book and journal sales: educational and scientific programmes were being rapidly expanded, and it was important that the United Kingdom should become a main supplier.

They also felt there was a possibility of cooperation in the publishing of materials for English language teaching and major dictionaries, where such cooperation could lead to a considerably improved product.

But, and it is a rather large but, they concluded that the prospects of greatly increasing the sales of British publications in China—or in Chinese publications in Britain—were limited by the absence of copyright protection.

The People's Republic is not a signatory of either of the international copyright conventions, and has no domestic copyright, patent or trademark laws. So copyright works produced abroad may be reproduced freely, without payment to copyright owners, in the library of the Chung Shan Medical College in Canton, for example, the delegation saw learned journals from all over the world, many of which had been reprinted in China, though photomicrographs, X-rays and many diagrams were useless for Western standards owing to poor reproduction.

Conscious that the Chinese do not regard such "pirating" as illegal, the British publishers tried to convince their hosts that copyright had international acceptance, and was generally regarded—not least in the Third World—as the best way of encouraging the dissemination of literature, information and ideas.

They also pointed out that foreign publishers were unlikely to publish Chinese works, which could produce substantial foreign exchange earnings for the Chinese, unless they were protected by copyright.

The British publishers were impressed by the importance assigned to the teaching of English, which is the first foreign language in secondary schools. But their impression was that only at tertiary level was the instruction considered to have serious value. A secondary school textbook

used throughout Shanghai seemed to be devoid of methodology, and students appeared with next to no acquisition of English. The Britons' impression was that any cooperative venture in producing new courses of materials would place a heavy burden on the British partner.

As for dictionaries, the British publishers feared that the urgency of unsatisfied demand might lead the Chinese simply to increase the output of existing ones. But they felt the market for so authoritative, up-to-date bilingual dictionary would be immense, and that its foreign currency earning potential in Chinese communities abroad might eventually help to persuade the Peking authorities to initiate a joint venture.

With the universities and professions reassessing their role and desperately short of higher educational and research materials, the delegation felt that scientific, technical and medical publications offered United Kingdom publishers the best immediate opportunities. But even these would remain limited until reasonable payments for reproduction could be arranged.

The two delegations were able to form a coherent picture of the organization of the Chinese book trade. The main authority for publishing in China lay, they found, with the China Publishing Administration Bureau, based in Peking, with provincial offices responsible for regional publishing. They estimated that perhaps 10,000 titles were published each year.

Prior runs were frequently in the millions. The main outlets were the roughly 4,000 New China bookshops, but there were about 100,000 other points of sale to communes and factories. The bookshops sold nearly 4,000 million books a year: a novel typically sold one million to two million, a children's book several million.

Imports were handled by the China National Publications Import Corporation, which estimated business with Britain at more than £500,000 a year. A modest enough level, but with a market of China's size, British publishers will be determined not to allow their American or continental rivals to steal a march on them when—given an eventual agreement on copyright—the stakes could be so high.

More openings for the West's technologies are emerging in China's communications sector of rail, road, sea and air transport.

Telecommunications is another matter. Defence demands have speeded China's advance in electronics which is regarded as a strategic industry in which self-sufficiency of design and production is a priority.

Imports, from the West as well as Japan, have been fairly small in volume compared with domestic production, but have been highly selective as China has pursued its policy of keeping abreast of advanced Western electronics technology.

China's needs in telecommunications are harder to trace than those in other sectors for obvious strategic reasons, but it looks likely that in the next few years it will be necessary for the Chinese to look to the West for advanced data processing equipment and particularly for help in developing microprocessors.

Advanced communications systems are also likely to attract Chinese interest, probably with air traffic

control equipment also on the shopping list. Navigational equipment like marine and aircraft radar could offer particular opportunities to British manufacturers.

China's considerable progress in port modernization and expansion is not only expected to continue, with increasing use of containers, but may even offer opportunities to British construction companies as well as, more expectedly, consultants like designers and engineers.

Sir John Buckley, chairman of Davy International, said at last month's debriefing of Mr Edmund Dell's trade mission to China that before he went to China he had believed that, as with consumer goods, there was almost no chance of construction contracts coming to British companies.

He went on: "In fact, the Chinese showed genuine interest in what we could offer in consultancy and construction. The ports modernization programme, particularly, could be interesting for the British construction industry and large contracts could be involved."

"You may be able to build dams with a lot of their merchant fleet has

been to buy second hand on the open market."

It looks likely that China will continue to buy high technology vessels from the West, together with advanced marine equipment.

China has started an intensive drive to improve its railway system, which has been acknowledged as a weak link in economic development; but whether this will mean extensive buying of locomotives and rolling stock from the West is not clear. There have been imports in the past from West Germany, France, Romania and Japan, but China appears to have made extensive progress towards self-reliance in production for rail needs.

But some industrial observers believe China may turn to the West for improved signalling and control systems technology and equipment for automating cargo handling. Delays in cargo handling have been a big problem for a growing tourist industry.

Chinese trade missions to Britain in the past 12 months have been particularly interested in British Rail's pioneering work to enable higher speed trains to use existing tracks.

Huge construction programmes exist on paper for providing a network

of roads to the Chinese interior. It is still unclear when they will be put into effect.

British Leyland has been submitting tenders for some time for 20-ton payload tipper trucks whose high performance off hard roads makes them particularly suitable for road building; but the Chinese have not been buying this sort of equipment yet from any source.

Leyland sent out a senior salesman ago early this year because it also envisaged prospects of sales of trucks of up to several tonnes capacity to act as feeder transport to getting farm products to railheads and from rail terminals into the industrial centres.

Leyland did sell the Chinese a single-decker bus of advanced design, including air suspension, but the company envisages slim chances of bus sales, although the Chinese have bought some coaches from Leyland for a growing tourist industry.

The Chinese build their own crude simple buses for worker transport. In the past France, Japan and Romania have been main suppliers of lorries.

Britain, a traditional aerospace supplier to China, looks likely to increase its

sales. About 40 per cent of Britain's exports to China recently have been accounted for by aerospace orders. China's purchases of Trident aircraft could now be followed by sales of the HS146, a short-haul jet carrying about 80 people, in which the Chinese showed interest during the Dell mission.

The Chinese, who have no civil aviation manufacturing industry, already have a licensing agreement to manufacture the Rolls-Royce Spey engine, China's aerospace needs are likely to range more widely because of expanding domestic and international networks, taking in turbo-prop feeder aircraft, medium and long-range transporters including wide-bodied jets, as well as short-haul jets.

That could mean export opportunities for the European aircraft industry as well as United States manufacturers. Helicopters are another likely need, including those for offshore oil operations. China is also likely to need a wide range of advanced air traffic control equipment, avionics systems and such items as aircraft rest equipment.

D.H.

Communications offer opportunities for the West

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Engineering sector promising for smaller exporters

No completely clear pattern of China's needs of Western technologies in the mechanical and electrical engineering sectors has yet emerged, but undoubtedly it is in this area of the economy that medium and even smaller foreign companies have some of their best opportunities of taking a slice of China's increasing trade with the West.

One of the clearest messages brought back by recent trade missions to China is that it is the largest companies or organizations undertaking which initially stand the best chance of doing business in China. Sir John Buckley, chairman of Davy International whose company has sold process plant in China, reckons it can cost a company between £200,000 and £300,000 "just getting your toe in".

Few smaller companies can afford that sort of outlay but there are already examples of smaller companies following after big ones have blazed a trail. Such contracts could as readily go to smaller companies as larger depending on the product they have to offer.

Production of Rolls-Royce Spey engines under licence has, for instance, involved imports of specialized production equipment. In this way advanced machine tools are being brought by China, even though it can produce much of what it requires in the way of normal machine tools.

Such buying of advanced technology wrapped in a specific product for a particular job looks likely to be the pattern especially with machine tools though a wide variety of advanced equipment will for some time be needed from abroad. China has, for instance, produced a number of non-metrically-controlled machine tools but none appears to have advanced much beyond prototype stage.

The Spey operation earlier this year brought a £10m contract to Vickers for supplying rigs simulating operational conditions to test various components of the Spey engines. This contract, which is due to provide equipment delivery early in 1980, will in turn provide work for a number of specialist British manufacturers. Among firms involved in these sub-contracts are specialist drives, gearboxes, servo-hydraulic systems, instrumentation and detailed components produced to aerospace standards.

It was Vickers's second big Chinese contract within a year, its design and projects division having earlier secured a £5.75m order for an aircraft tyre, wheel and brake test dynamometer.

China's electrical supply has not been largely able to keep pace with growing industrial and consumer needs. But between 1972 and 1975 nearly £240m worth of new plant was bought from abroad; France, Italy, Switzerland and West Germany were among the main suppliers, besides Britain's J. Brown Engineering and Hawker Siddeley which between them supplied about £10m worth of gas turbines.

This injection of Western technology, together with China's internal engineering resources, may make it possible for the country to meet the increasing demand for power for a year or two but the latest foreign equipment incorporating additional technological advances could prove attractive to the Chinese whose power supplies are still rather precarious.

Gas turbine generators suitable for rural electrification could well prove attractive and China has need also of transmission technology, there being no national grid in the country. The Chinese authorities have already shown notable interest in nuclear power plants abroad.

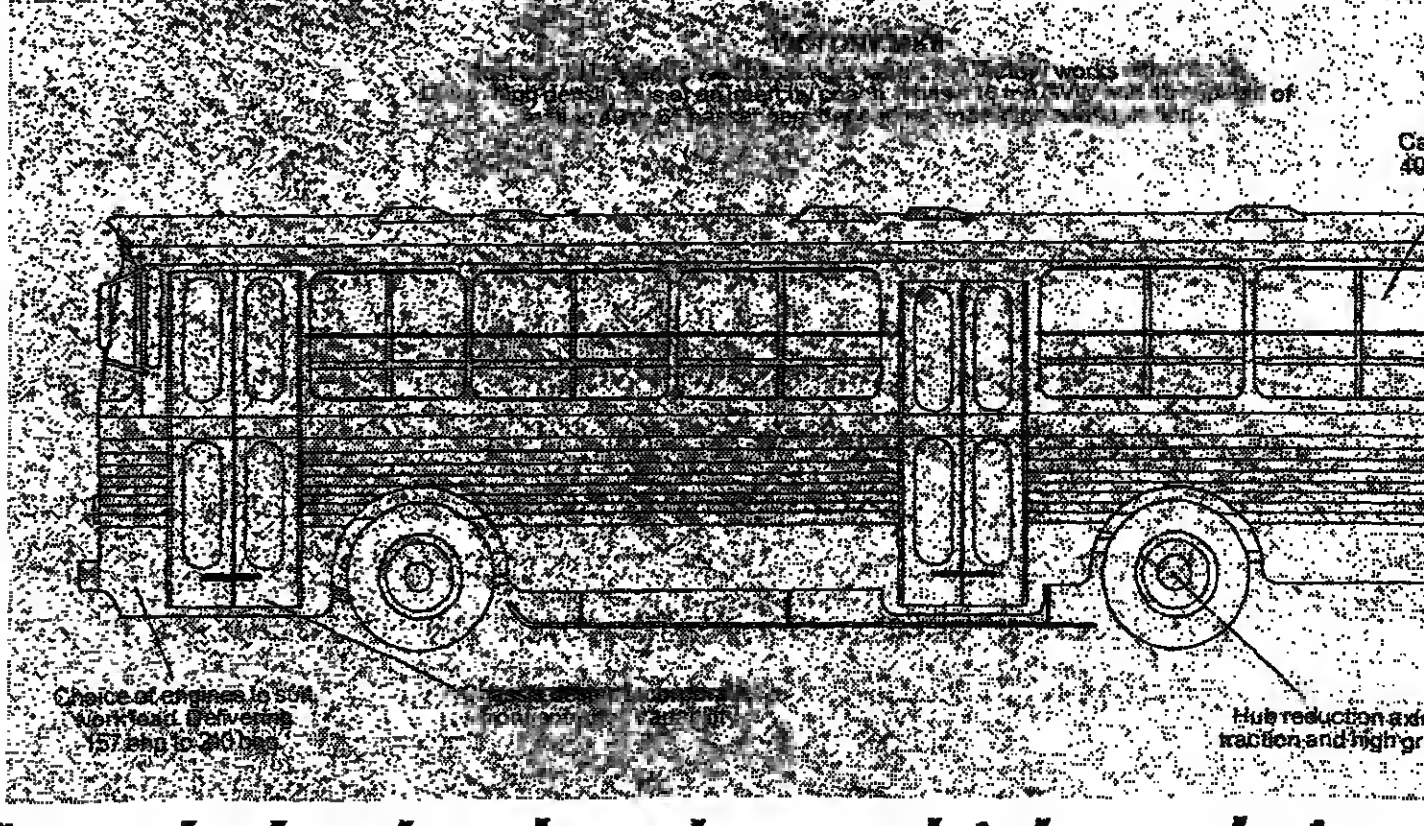
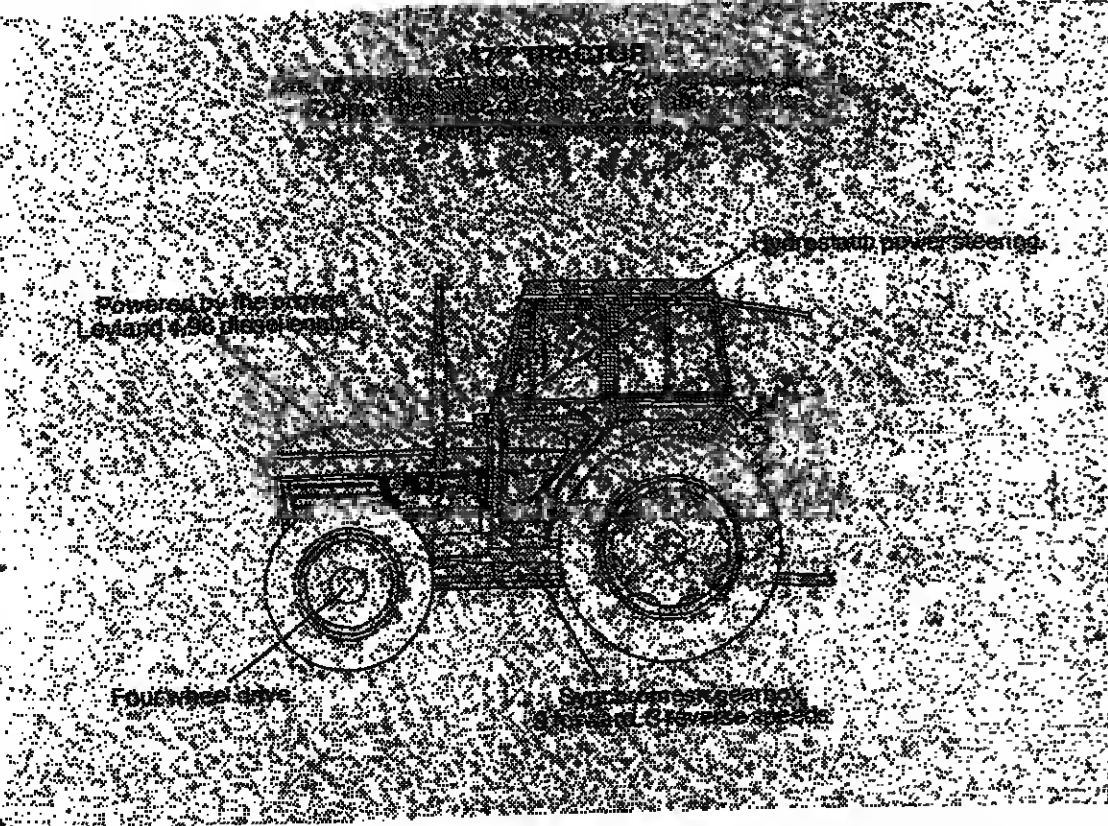
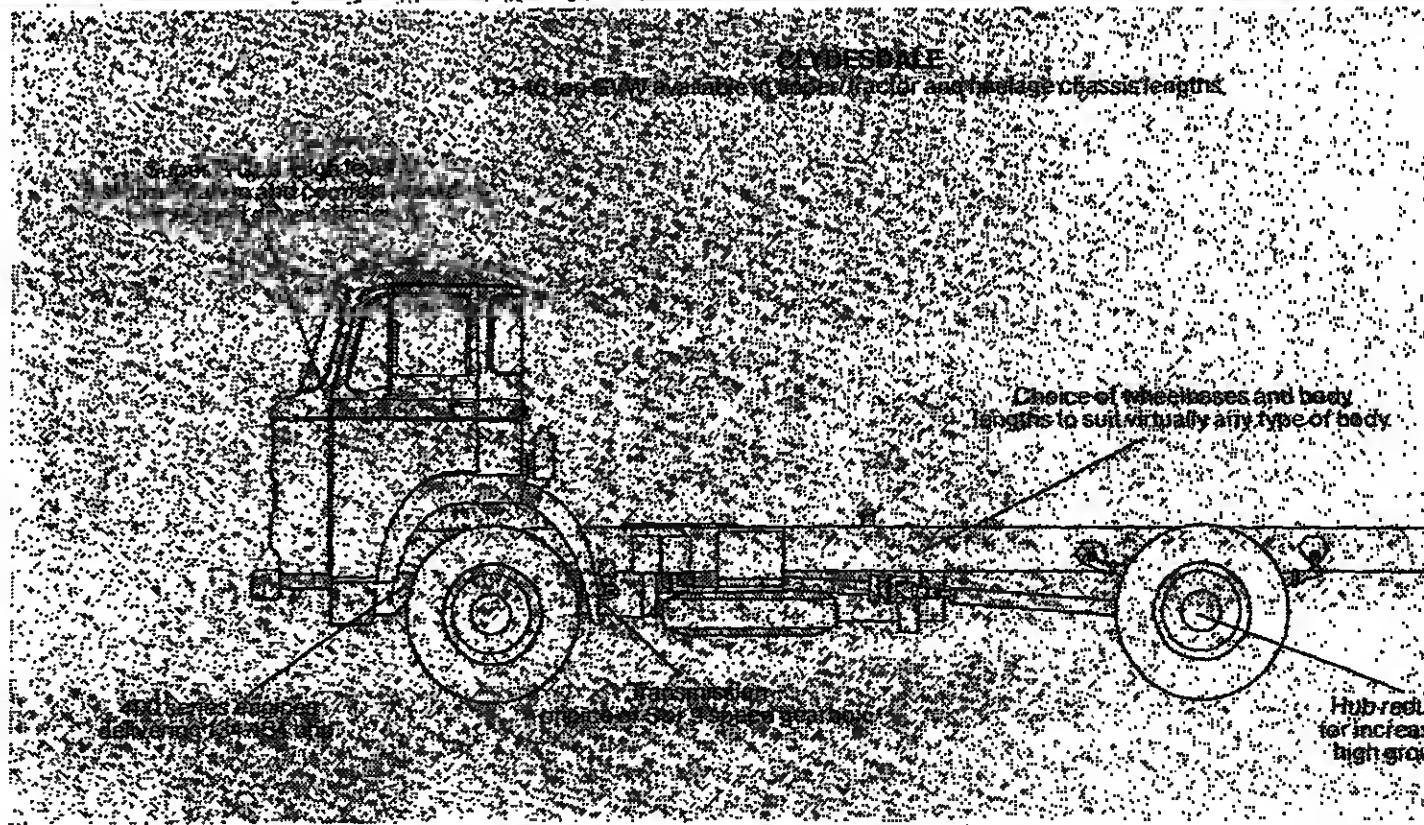
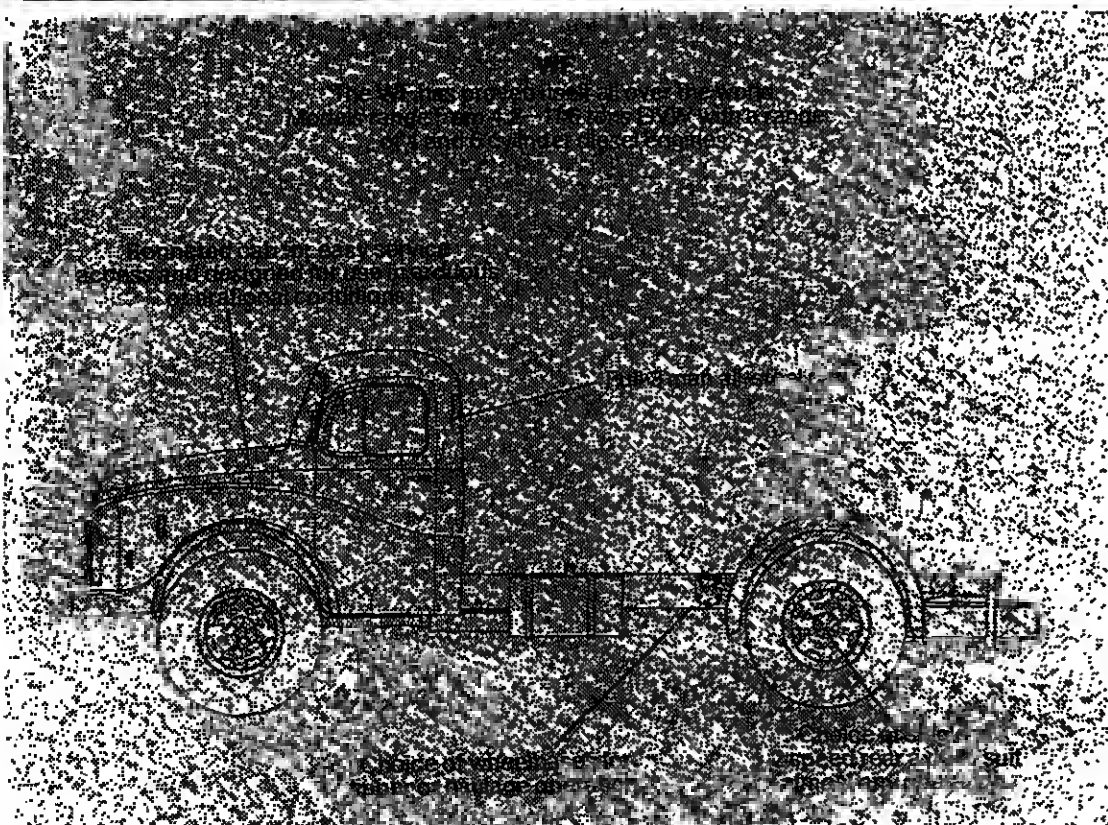
Light industry is a substantial part of the Chinese economy, partly because of the needs of a large population but also because of the export earning potential. Textiles is an important industry in this category and the Government has been allocating investment for new plant and machinery. The greatest emphasis is expected to be placed on producing synthetic fabrics which have been manufactured on a large scale only in the past 10 years.

Synthetics have been growing by more than 15 per cent a year in later years, and imported production plants for man-made fibres

will be fully on stream by 1980. China thus looks likely to need more machinery from the West which could enhance the quality of the fabrics produced, and the synthetics sector is likely to get priority.

But there are many other promising engineering products so far as Western exporters are concerned. These vary from scientific and optical instruments to food packaging and processing equipment. The size of the Chinese markets to some engineering goods indicates the scope. At 1974-75 prices represented a £65m market, ball and roller bearings one of about £15m, steam boilers, engines and turbines some £10m, taps and valves about £7m, and various measuring and control apparatus about £15m.

D.H.



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